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Supreme Court of the United States.

OCTOBER TERM, A. D. 1900.

No. 121.

ELGIN NATIONAL WATCH COMPANY,

Appellant,

vs.

ILLINOIS WATCH-CASE COMPANY, THOMAS W. DUNCAN AND MYER ABRAHAM,

Appellees.

BRIEF AND ARGUMENT FOR APPELLANT.

STATEMENT OF THE CASE.

By Sections 77 to 84 of the Act of July 8, 1870 (16 St. at L., 198; Rev. St., Sections 4937 to 4947), Congress provided for the registration of trade-marks in the Patent Office; and by the Act of August 14, 1876 (19 St. at L., 141), it also provided penalties, enforcible in the federal courts, for the fraudulent use or imitation of such registered trade-marks. In 1879, the Supreme Court, in the *Trade-Mark Cases*, 100 U. S., 82, held these statutes unconstitutional and invalid because they did not distinguish between commerce within the boundaries of the individual states and commerce "with foreign nations," or "among the several states," or "with the Indian tribes."

By the Act of March 3, 1881 (21 St. at L., 502), Con-

gress provided a new statute for the registration and protection of trade-marks, limited to those "used in commerce with foreign nations, or with the Indian tribes."

The appellant's trade-mark, "Elgin," involved in the present suit, was duly registered under the Act of 1870 as a trade-mark for watches, and after the passage of the Act of 1881 it was re-registered under the latter act.

Both the appellant and the appellee are Illinois corporations. The former charged the latter with infringing said registered trade-mark, and brought the present suit for an injunction and account. The Circuit Court of the United States for the Northern District of Illinois (Showalter, J.) upheld the complainant's (appellant's) contention, and ordered the injunction and account. (See 89 Fed. Rep., 487.) On appeal, the Circuit Court of Appeals for the Seventh Circuit (June 6, 1899) reversed this action, and directed the bill to be dismissed. The case is here on appeal from that decision.

A reasonably full summary of the proved facts relative to the character and situation of the parties, their business, the adoption and use of the trade-mark, and the circumstances of its infringement by the defendants (appellees), will be found in the opinion of Judge SHOWALTER (Tr., pp. 23, 24), and in the statement of facts preceding the opinion of the Court of Appeals, commencing on p. 261 of the Transcript; *except that one material fact has been totally ignored both by the reporter and the court, to wit: that the defendants appropriated our trade-mark several years before they moved to Elgin, and while they were doing business only at Chicago.* Their dishonest and fraudulent intent is, therefore, beyond question. They afterwards moved to Elgin apparently to cover up their fraud. All these facts are fully considered hereinafter.

In deciding the case, the Court of Appeals raised the

question of the constitutionality of the Trade-Mark Act of March 3, 1881; and while the judges did not directly hold in plain words that the act is unconstitutional, they injected into their opinion an assumption that it is not to be accepted as constitutional, and based their judgment squarely upon this assumption, saying (Tr., p. 265) that, to say the least, the jurisdiction of the federal courts in a suit of this kind *"is of so doubtful a nature and so limited in extent and under an act of doubtful constitutionality, that we must decline to exercise it."** Elsewhere in the opinion (Tr., p. 263) they say: "There has been no ruling upon the constitutionality of this act, *and it need only be said that its validity is fairly doubtful."* And they conclude their opinion with the statement: "It is therefore not becoming, as we think, to assume a doubtful jurisdiction under a statute of doubtful validity."

The assignment of errors (Tr., p. 268) is as follows:

1. That the United States Circuit Court of Appeals for the Seventh Circuit erred in holding that the Circuit Court of the United States for the Northern District of Illinois had no jurisdiction of this cause.

2. Also in not affirming the final decree of said Circuit Court in this cause.

3. Also in decreeing that the cause be remanded with directions to dismiss the bill.

4. Also in holding that the Act of Congress approved March 3, 1881 (21 Stat. at L., p. 502, Chap. 138), entitled "An act to authorize the registration of trade-marks and protect the same," is of doubtful constitutionality.

5. Also in holding, in substance and effect, that in view of the proofs in this cause and the law applicable thereto the appellee was not entitled, under the provisions of said

* In the quotations found in this brief, we take the liberty of italicising passages to which we desire to call particular attention.

act, to register the word "Elgin" as a trade-mark for watches.

The questions to be discussed and decided are:

1. Is the Trade-Mark Act, of March 3, 1881, constitutional?

2. In view of the proofs in this cause, was the word "Elgin" lawfully registrable by the appellant (complainant) as a trade-mark for its watches?

3. In view of the proofs in this cause, were the appellees, by using on their watch-cases the word "Elgin" as a prominent and conspicuous feature of their own alleged trade-mark, guilty of infringing the rights of the appellant?

4. Assuming that the appellees were guilty of infringement as aforesaid, is the appellant entitled to recover from them for their use of said trade-mark on goods sold in this country, as well as on those sold abroad?

The Act of March 3, 1881, Constitutional.

The Constitution contains no more important provision than that of Article 1, Section 8, paragraph 3, giving Congress power "To regulate commerce with foreign nations, and among the several states, and with the Indian tribes," supplemented by paragraph 18, giving power "To make all laws which shall be necessary and proper for carrying into execution the foregoing powers." Indeed, the Constitution owes its very existence to the necessity for this provision, for it was this alone which brought Virginia and Maryland into convention at Annapolis in September, 1786, and started the train of events which resulted in the constitutional convention of May 14, 1787. "The power over commerce . . . was one of the primary objects for which the people of America adopted their gov-

ernment." (MARSHALL, C. J., in *Gibbons* v. *Ogden*, 9 Wheaton, 190.)

The power of Congress to make all laws which shall be necessary and proper for the regulation of interstate and foreign commerce is general and plenary.

> "It is the power to regulate; that is, to prescribe the rule by which commerce is to be governed. This power, like all others vested in congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations other than are prescribed in the Constitution. . . . If, as has always been understood, the sovereignty of congress, though limited to specified objects is plenary as to those objects, the power over commerce with foreign nations, and among the several States, is vested in congress as absolutely as it would be in a single government, having in its constitution the same restrictions on the exercise of the power as are found in the constitution of the United States. The wisdom and the discretion of congress, their identity with the people, and the influence which their constituents possess at elections, are, in this, as in many other instances, as that, for example, of declaring war, the sole restraints on which they have relied, to secure them from its abuse. They are the restraints on which the people must often rely solely, in all representative governments."
>
> *Gibbons* v. *Ogden*, 9 Wheat., 1, 196, 197.
>
> *Brown* v. *Maryland*, 12 Wheat., 419, 446.
>
> *United States* v. *Joint Traffic Ass'n*, 171 U. S., 505, 571.
>
> *Addyston Co.* v. *United States*, 175 U. S., 211, 228.

Such a power is strictly analogous to that given by Article 4, Sec. 3, paragraph 2, to "make all needful rules and regulations respecting the territory or other property belonging to the United States," and which has always been held to be "general and plenary" in the broadest sense of the expression. (See *Mormon Church* v. *United States*,

136 U. S., 1, 42; and other cases construing that power.)

Vested with such an authority, Congress is necessarily made by the Constitution the sole judge as to what laws *are* "necessary and proper for carrying into execution" the broad power thus given. This follows from the very nature of the power itself; for, Congress might be unable to carry the power into execution at all, if it had to subordinate its own judgment of what, in any instance, is "necessary and proper," to that of some other department of the government, for example, the judiciary department. It also follows from the language in which the power is conferred; for if the framers of the Constitution had intended the courts to determine the questions of necessity and propriety, they would have used apt words to clearly convey that meaning, for example: "To make all laws which shall, by the courts, be deemed necessary and proper for carrying into execution the foregoing powers." But such a provision would have delegated to the courts legislative functions which it was clearly not the intention of the Constitution to do.

And this court has spoken, in no uncertain tones, upon this subject, saying, in *McCulloch* v. *Maryland*, 4 Wheat., 316, 421, 423:

> "The sound construction of the Constitution must allow to the national legislature that discretion, with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional. . . . Where the law is not prohibited, and is really calculated to carry into effect any of the objects entrusted to the government,

> to undertake here to inquire into the degree of necessity would be to pass the line which circumscribes the judicial department, and to tread on legislative ground. This court disclaims all pretensions to such a power."

The authority of the judiciary department does not, therefore, extend so far as to enable the courts to inquire whether the act for the registration and protection of trade-marks was "necessary and proper"—that question having been conclusively settled by the action of Congress in passing the act.

But the courts have authority to inquire "whether trade-marks bear such a relation to commerce as to bring them within congressional control, when used or applied to the classes of commerce which fall within that control" (*Trade-Mark Cases*, 100 U. S., p. 95)—on the ground that if Congress, under the pretense of regulating commerce, should undertake to regulate something entirely foreign to commerce, such legislation would be unconstitutional and the courts would have jurisdiction so to hold. (*Paul* v. *Virginia*, 8 Wall., 168, 183.) Let us, therefore, examine into the question whether trade-marks are so connected with commerce as to bring them under congressional control when used or applied in commerce with foreign nations, or among the several states, or with the Indian tribes.

Preliminarily to the discussion, we may remark that the power of Congress over commerce with foreign nations is co-extensive with its power over interstate commerce. "The grant is conceived in the same terms, and the powers are undoubtedly of the same class and character and equally extensive." (*Bowman* v. *Chicago & N. W. Railway Co.*, 125 U. S., 465, 482.) Hence, authorities on interstate commerce will be equally applicable to all questions relating to foreign commerce and commerce with the Indian tribes.

The meaning of the word "commerce," as used in the Constitution, has been more than once discussed in the opinions of the Supreme Court. In *Gibbons* v. *Ogden*, 9 Wheat., 1, 189, the court said:

> "The counsel for the appellee would limit it to traffic, to buying and selling, or to the interchange of commodities, and do not admit that it comprehends navigation. This would restrict a general term, applicable to many objects, to one of its significations. Commerce, undoubtedly, is traffic, but it is something more; it is intercourse. It describes the commercial intercourse between nations, and parts of nations, in all its branches, and is regulated by prescribing rules for carrying on that intercourse."

In the latest case upon the subject, *Hopkins* v. *United States*, 171 U. S., 578, 597, the court said:

> "Definitions as to what constitutes interstate commerce are not easily given so that they shall clearly define the full meaning of the term. We know from the cases decided in this court that it is a term of very large significance. It comprehends, as it is said, intercourse for the purposes of trade in any and all its forms, including transportation, purchase, sale, and exchange of commodities between citizens of different states, and the power to regulate it embraces *all the instrumentalities by which such commerce may be conducted.*"

That the federal control over commerce with foreign nations and among the several states reaches and acts directly upon the goods which enter into that commerce is a proposition too obvious for argument, and one which has repeatedly been affirmed by this court. (*License Cases*, 5 How., 504; *Bowman* v. *C. & N. W. Railway Co.*, 125 U. S., 465; *Leisy* v. *Hardin*, 135 U. S., 100; *In re Rahrer*, 140 U. S., 545; *Kidd* v. *Pearson*, 128 U. S., 1.) It prevents the states from exacting a license tax from the importer (*Brown* v. *Maryland*, 12 Wheat., 419), and from

imposing a stamp duty upon bills of lading. (*Almy* v. *California*, 24 How., 169.) It dominates not only the purchases, sale, exchange and transportation of the goods, but also all contracts, arrangements and combinations relating to these matters and which Congress may deem it "necessary and proper" to regulate.

> "Contracts to buy, sell, or exchange goods to be transported among the several states, the transportation and its instrumentalities, and articles bought, sold or exchanged for the purposes of such transit among the States, or put in the way of such transit, may be regulated, but this is *because they form part of interstate trade or commerce.*"
>
> *U. S.* v. *E. C. Knight Co.*, 156 U. S., 1, 13.
>
> *United States* v. *Joint Traffic Association*, 171 U. S., 505, 571.
>
> *Trans-Missouri* case, 166 U. S., 290.

It reaches to the passengers as well as to the goods (*Passenger Cases*, 7 How., 283); and in a recent case (*Missouri, Etc., Trust Co.* v. *Krumseig*, 172 U. S., 351, 361), this court has intimated that although the federal government has nothing to do with usury in a contract made and to be performed within a state, that view "is not applicable to cases arising out of interstate commerce, when the policy to be enforced is federal."

It is, therefore, evident from the decisions of this court that the term "commerce," as used in the Constitution, is (to quote again the language of *Hopkins* v. *United States*, 171 U. S., 597), "a term of very large significance," and that it includes, not indirectly and inferentially, but directly and necessarily, the goods themselves and their transportation, "because," in the language of the Sugar case (*U. S.* v. *E. C. Knight & Co.*, *supra*), "they *form part of* . . . trade or *commerce.*" The power to make regulations concerning the goods and their transportation

is left by the Constitution unlimited, save by the judgment of Congress as to whether it be "necessary and proper," in any given instance, to make regulations concerning them, and if so, what regulations.

Although the power to regulate the whole or any part of the subject-matter is thus plenary, it might well have been expected that Congress would not deliberately interfere with the ordinary movements of interstate or foreign commerce, except for reasons which should strongly commend themselves to its judgment as conducive to the "general welfare." It was invested with an unlimited power, and an exclusive discretion as to its exercise—in other words, it was left to decide for itself upon what occasion, for what reasons, with what limitations, and by what means, the power should be applied—but it was expected that the use of the power would be a reasonable one, and for such use Congress, as Chief Justice MARSHALL said in *Gibbons* v. *Ogden, supra,* was answerable only to its constituents.

It is apparent that, upon this subject, Congress has always acted with a full sense of this great responsibility, and for reasons which have strongly commended its action to public approval. So far as concerns interstate commerce, it has seen fit to "regulate" those contracts, arrangements, combinations, or methods of conducting business, which interfere with fair competition, create unequal privileges, or tend towards monopoly. The underlying principle which has excited its action on these subjects is that of preventing unfairness and injustice—in other words, that of preventing the interstate commerce of the country from being used as a means for perpetrating fraud and wrong. The *power* is not limited to the prevention of fraud or wrong; but, in the Interstate Commerce Act, and the Anti-Trust Act, Congress has seen fit to limit its *exercise* to that object. On the other hand, in the Act of

March 2, 1893 (27 St. at L., 531), apparently approved by this court (*In re Debs*, 158 U. S., 564, 580), Congress has required the use of automatic couplers and power brakes on interstate trains, not for the purpose of preventing fraud or wrong, but for the purpose of promoting the safety of employés, passengers and goods. In one statute (26 St. at L., p. 613, Sect. 6), Congress has legislated for the mere convenience of our custom-house officials, by providing that imported articles shall be plainly marked in legible English words indicating the country of their origin. Indeed, it is difficult to conceive how an unlimited power, confided to the sole discretion and judgment of Congress, can be limited by judicial interference, so long as it relates to the subject of interstate or foreign commerce, and the mode of its exercise is not assailable on grounds of public morality or as transgressing the normal functions of a legislative body. Public policy has nothing to do with the matter. "When the law-making power speaks upon a particular subject, over which it has the constitutional power to legislate, public policy in such a case is what the statute enacts." (*Trans-Missouri Case*, 166 U. S., 290, 341.)

With respect to foreign commerce, the power of Congress is even more exclusive than with respect to interstate commerce; for the states may, in the absence of Congressional action, regulate certain matters belonging to interstate traffic, and which are substantially local and domestic in their character, whereas, with respect to foreign commerce they have no such right. "The organization of our State and Federal system of government is such that the people of the several States can have no relations with foreign powers in respect to commerce or any other subject, except through the government of the United States and its laws and treaties." *Bowman v. Chicago, Etc., Railway Co.*, su-

pra; Henderson v. *Mayor of New York*, 92 U. S., 259, 272, 273; and see Constitution, Art. 1, Section 10.)

It has been repeatedly held by this court, in substance, that the power of Congress to regulate commerce with foreign nations and between the several states covers not only the regulation of those things which enter directly into commerce, but also those things by which it is conducted, or which are practically essential to it. "Congress is empowered to regulate commerce, and ought to legislate for foreign commerce as for all its leading incidents and uniform and universal wants." (Mr. Justice WOODBURY, in the *Passenger Cases*, 7 How., 558.) It is on this principle that it regulates contracts relating to transportation, provides for the inspection of steam-boilers, requires a particular construction of couplers and brakes for cars, and otherwise interferes with the various agencies by which commerce is carried on. These acts are not, like an embargo act, an interference directly with commerce itself, but with the things which are connected with it, or are incidental or necessary to it. "The power to regulate it embraces all the instrumentalities by which such commerce may be conducted." (*Hopkins* v. *U. S., supra.*)

There being no constitutional provision expressly relating to trade-marks, the power to regulate them, if it exists at all, must be derived from the power to regulate commerce, and must involve and include the general power to regulate the application and use of words and marks, *of any description*, upon or in connection with goods entering into foreign or interstate commerce. Accordingly, as we have already seen, in the act of October 1, 1890 (26 St. at L., p. 613, Sect. 6), Congress has assumed, for the convenience of our treasury officials, to require that imported articles of foreign manufacture shall not be admitted to entry unless "plainly marked, stamped, branded

or labeled in legible English words, so as to indicate the country of their origin." The propriety of such a provision is obvious; but the *power to make it* involves the power to regulate, in any way that Congress may deem "necessary and proper," the use of any kind of inscription upon goods entering into our commerce with foreign nations.

By Sect. 7 of the same act, Congress prohibited the entry of any "article of imported merchandise which shall copy or simulate the name or trade-mark of any domestic manufacture or manufacturer." The power to make the provision of Section 6 involves the power to make that of Section 7. The reason which led Congress to make the two provisions are obviously not the same; but the existence of the power is independent of the reasons for exercising it.

We come now to the Trade-Mark Act of March 3, 1881, whose constitutionality is questioned by the Circuit Court of Appeals. If unconstitutional, then Sections 6 and 7 of the Act of October 1, 1890, are also unconstitutional; for the theory of unconstitutionality would draw the line between the *goods* and the *marks placed upon them*, admitting the power of Congress at one side of the line, but denying it at the other. And this distinction is assumed notwithstanding the fact that Congress, to whose sole discretion the whole matter was confided by the Constitution, has adjudged it necessary and proper to legislate on both sides of the line. Such an assumption would seriously curtail the power of Congress over an important subject particularly commited to its care, and might, in the future, work incalculable mischief. It is easily conceivable that in the evolution of commercial business between the people of different nations the marks placed upon the goods may come to play a controlling part. Suppose, for example, that some nation should, for the protection of its

own people, direct that no goods should be admitted through its ports unless provided with a trade-mark duly registered in the country of their origin,* then this dilemma would occur, namely, that the several states could not deal with the subject, except through the federal government, and the federal government could not deal with it for want of constitutional power. This particular exigency may never happen, and it is here suggested only as an illustration of future exigencies that *may* happen. The power to deal with them when they arise should be lodged somewhere; and there is no suitable body to exercise it except Congress. It cannot be lodged in the several states, because they "can have no relation with foreign powers in respect to commerce or any other subject, except through the government of the United States." (*Bowman* v. *Chicago, Etc., Railway Co., supra.*) It has always been supposed to have been already lodged in Congress, under the commerce clause. It is in its nature an attribute of sovereignty, which should exist in all properly constituted governments. The absence of it would constitute an important *casus omissus* under our Constitution. We have one such already, in the matter of injuries by local mobs to the subjects or citizens of foreign states; and surely the courts will not be swift to increase the evil brood by taking from the only body which can deal with foreign commerce the authority to deal with it as to one of its most important particulars! Rather should their efforts be directed to increasing and confirming the power of Congress over the whole subject, to the end that whatever exigencies may in the future arise the power of the government may be found completely adequate to properly deal

* A proceeding which would be somewhat analogous to our own requirement that the goods shall be marked to indicate the *country* of their origin.

with them. The curtailment of powers fairly inferrible from the national Constitution is, at best, a dangerous and unwholesome exercise of judicial authority; and when applied to foreign commerce or other subjects connected more or less directly with the interests of foreign nations, it should never be attempted. In that direction the federal government needs, at all times, the most ample and unqualified powers that can be given to it.

If the marks over which Congress has assumed to legislate had no connection with commerce, such legislation would be a mere usurpation of power, and the courts would undoubtedly so hold. But if they have any material connection with it, then the power of Congress to regulate their use in commerce with foreign nations would seem to be indubitable. The principle is akin to that which controls the setting aside of a verdict for want of evidence—if there be any material evidence, the verdict stands; if none whatever, it is set aside. In like manner, if there be any material connection between the marks and the goods the verdict of Congress must stand; otherwise it may be set aside.

There is not only a very intimate and material connection between trade-marks and commerce, but they are in fact absolutely inseparable. The very name tells the story—for trade means commerce, and trade-mark means commerce-mark. Commerce might, possibly, exist without trade-marks; but a trade-mark unconnected with commerce is an unthinkable thing, a contradiction in terms. Trade-marks grew out of the necessities of commerce.* They are attached to the commercial article, made substantially a part of it, and go with it wherever it goes, certifying on the face of the article its origin and genuineness to the end that commerce in it may be unhampered by fears and sus-

* For an admirable review of the history of trade-marks, see *Browne on Trade-Marks*, §§ 1 to 28.

picions as to its integrity. Associated with the article they are of great value, and give additional value to it; separated, they cease to have any meaning or value, and the goods lose value by losing their certification of genuineness and good character. The reputation of the manufacturer is a material element in the value of the goods; and trade-marks serve to affix that reputation inseparably to them, so that the price to be demanded for them may be a sum in which both the intrinsic value of the materials and the reputation of the maker shall constitute important factors. Who does not know, for example, that dresses made by Worth, of Paris, optical instruments made by Clark, of Cambridge, and plate made by Tiffany, of New York, command in the market far more than the intrinsic value of the materials and cost of labor *plus* the ordinary "manufacturer's profit"? Trade-marks perform no function in the *use* of the goods—their only function is in the *commerce* connected with them; they are an artificial device for causing the reputation of the maker to be transported *with the goods* to the foreign market, so that it will bring its deserved price. They stand as the visual representative of that reputation and are bought and sold with it for value because the purchaser may desire their aid for securing a quick sale and a good price when he, in turn, becomes a seller. While they remain in his hands, they are as much a part of his property as are the materials of which the goods are composed; and they enter into, and form a material part of, every commercial transaction concerning those goods just as do the materials of which the goods are composed.

In the hands of the manufacturer, the right to the exclusive use of his trade-mark is everywhere recognized as an assignable asset. (*Kidd* v. *Johnson,* 100 U. S., 617.)

When he places this mark upon an article, for example, a watch, made and put into the market by him, he thereby attaches to and transfers with the article a fraction of his general exclusive right to the use of the mark on that kind of goods, the purchaser becomes vested with the exclusive right as to that particular article, and the right thus acquired is assignable with the article and is transferred with it from one owner to another, until it reaches the ultimate consumer.

In fact, from whatever direction we approach the subject, we find that the trade-mark attached to the goods is *property**—property which is transferrible in its nature, is conveyed by the carrier from one place to another, has a material value, is bought and sold, is inheritable, and has every other characteristic of personal property. "It is a property right." (*Trade-Mark Cases,* 100 U. S., 82, 92.) It has only this peculiarity, that, being inseparable from the goods, it can be bought, sold and transported, only with them, or with the business of manufacturing or vending them. That such a property is an element of commerce wherever the goods enter into commerce, seems too plain to require further discussion. Even if it should be argued that only the goods are property, yet it must be conceded that the trade-mark enters into the value of that property, becoming one of its commercial elements, and therefore necessarily subject to the regulation of Congress as much as are the goods themselves. "A trade-mark, like the goodwill of a shop or manufacturing establishment, *is a subject of commerce,* and it has been many times held entitled to protection at a suit of the vendee." (*Fulton* v. *Sillers,* 4 Brews., 42, Pa.)

* "The jnrisdiction to restrain the use of a trade mark rests upon the ground of the plaintiff's property in it, and of the defendant's unlawful use thereof." (*Fuller, C. J.*, in *Lawrence Mfg. Co.* v *Tennessee Mfg. Co.*, 138 U. S., 537, 548–9.)

Suppose that a railroad company engaged in interstate commerce should, without discriminating as to goods unprovided with trade-marks, attempt to discriminate between the *trade-marks* of different watch manufacturers by giving preferential rates to watches bearing a certain trade-mark over similar watches bearing other trade-marks. In such case there would be no discrimination as to the goods, but only as to the trade-marks; but how long would it take the federal courts to find that such discrimination violated the Interstate Commerce Act of February 4, 1887, and to arrest it by injunction? Yet the power to interfere would be based solely on the power of Congress to regulate *commerce,* and would necessarily assume that trade-marks, as an element of commerce, are within the scope of Congressional legislation.

The relation between the goods and their trade-marks is infinitely closer than the relation between the goods and the coupler or brake of the railway-car in which they may happen to be loaded, or between the goods and a pooling contract among the railroads, made perhaps before the goods were in existence, but operating incidentally to affect the rates of their transportation. By what kind of reasoning can Congress, through its commerce powers over the goods, be assumed to have the authority to prescribe a particular mechanical construction of coupler or brake, or to prohibit a pooling contract, and yet be destitute of the power to regulate an important constituent commercial element of the very goods themselves? It seems clear that if the Trade-Mark Act be held unconstitutional, it must be upon a ground that would invalidate the greater part of the recent interstate commerce legislation.

Further: it is a familiar rule of the American courts that statutes shall not be held unconstitutional unless that conclusion is substantially unavoidable. In cases of doubt the

validity of the statute is affirmed. In the present instance, the attack upon the constitutionality of the act can, in the very nature of things, go no farther than the raising of a mere doubt; for it is based entirely upon the question whether trade-marks are a commercial device, or a device independent of commerce. The argument in support of their commercial character rests, as we have shown, upon apparently conclusive facts which, in their nature, are obvious and self-evident, and which, therefore, cannot be denied or explained away. Hence, all that our opponents can do, even under the most favorable conditions imaginable, is to adduce other facts tending to an opposite conclusion, if any there be, and leave the court to balance the two sets of facts against each other. In such a case, even if our opponents' facts were of the same apparently conclusive force as our own, the result would only be to leave the whole matter in doubt; and in that event the rule of the courts is to sustain the constitutionality of the statute. But unfortunately for our opponents there are no apparently conclusive facts in support of their position—the facts are all one way; and we do not see how even a doubt can be raised. The judgment of Congress upon the facts was, that trade-marks are a commercial device, subject to Congressional regulation; and it cannot be overthrown, except by considerations of the most conclusive character, which cannot be found in this case. The above reasons, we submit, are conclusive as to the constitutionality of the Act of March 3, 1881.

The same reasons and authorities are conclusive that the Congressional power is not limited to the control over any particular *kind* of commercial marks, but extends to all marks, names, words, or devices of any description, which are actually used on goods entering into commerce with foreign nations, with the Indian tribes, or between the sev-

eral states. As to all such marks, names, words or devices, Congress, if it has any constitutional power in the premises at all, has the right to direct or regulate their use under such reasonable conditions as it may deem proper to impose—and this, whether they are trade-marks or commercial marks of other descriptions. It was on this theory that, in the Act of October 1, 1890, as we have already seen, Congress required that imported articles of foreign manufacture should not be admitted to entry unless "plainly marked, stamped, branded or labeled in legible English words, so as to indicate the country of their origin." *A fortiori,* it had full authority over the subject of trade-marks employed in such commerce, whether the term "trade-mark" be used in the narrow and restricted sense of an arbitrary and undescriptive mark or word applied to goods to indicate their origin at the hands of some particular manufacturer or dealer, or in the broader sense of *any* mark, device, word or words, wholly arbitrary or partially descriptive, applied to goods and indicating such origin. We shall hereinafter endeavor to show that Congress used the term "trade-mark" in the latter sense; and we desire, at this point, merely to call attention to the fact that the power of Congress was ample in either case.

In conclusion: The United States has entered into treaty relations with foreign powers for the protection of trade-mark property. This could be done only on the theory that the control over trade-marks used in commerce with foreign nations was not reserved to the several states, but was conferred by the Constitution upon the federal government; for the Constitution cannot be amended and the federal powers enlarged by simply making a treaty.

A good example of such treaties may be found in the convention between the United States, Belgium, Brazil, the Dominican Republic, France, Great Britain, Guatemala,

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Italy, the Netherlands, Norway, Portugal, Salvador, Servia, Spain, Sweden, the Swiss Confederation and Tunis, for the protection of industrial property, concluded at Paris, March 20, 1883. (25 St. at L., p. 1372.) In this treaty there are various provisions (see articles IV, VI, VIII, etc.) for the "deposit," that is to say, in effect, the *registration*, in each country, of trade-marks belonging to citizens or subjects of the other contracting powers. In article VI we agreed that any trade-mark regularly "deposited" in the country of origin shall be admitted to "deposit" in the United States *and shall be protected here.* By article XII we agreed to maintain an office for such "deposit," or, in other words, a bureau of registration. It was not necessary to "establish" such a bureau, because it already existed in the Patent Office under the Trade-Mark Act of March 3, 1881.

Did the federal government have constitutional authority to make such a treaty; or, on the other hand, had this great commercial nation so completely emasculated its government that the latter is powerless to do, with respect to matters connected with foreign commerce, what even little Guatamala, Salvador and Tunis can do? Is the all-embracing commerce clause of the Constitution to receive such an interpretation as will forever prevent us from entering into any arrangement with foreign nations for the mutual protection of industrial property? We cannot believe it. We submit that these treaties and the Act of March 3, 1881, under which their provisions are enforceable, are constitutional and valid.

The Characteristics of a Trade-Mark.

(A.) *The Meaning of the Term.*

The act being constitutional and the authority of Congress ample, the next question that arises is, how, and to what extent, has Congress exercised the power confided to it. The Act of March 3, 1881, simply provides for the registration of "trade-marks" used in commerce with foreign nations or with the Indian tribes; and, as the controversy here is over *the right to register the word Elgin as a trade-mark for watches,* thereby giving the federal courts statutory jurisdiction over the present case, this at once renders it necessary, for jurisdictional purposes, to determine the legal definition of the term "trade-mark."

Although the term has been in common use for more than a century and a half, it is not easy to give an absolutely precise and accurate definition of it. By the process of exclusion we can determine, however, certain things which are not embraced within its meaning. For example, no court would sanction the employment of indecent, immoral, or profane expressions or devices as trade-marks, nor of marks or words embodying material falsehood or misrepresentation[1]. Words merely descriptive or laudatory of the goods[2], or words or marks employed only to indicate quality or grade[3], or to inform the public where the goods can be obtained[4] are essentially descriptive, and of right free to everybody to use for a like purpose. These things are not trade-marks; but that fact does not define

1. *Fowle* v. *Spear*, 7 Penn., L. J. 176; *Fetridge* v. *Wells*, 13 How. Pr., 385.
2. *Corbin* v. *Gould*, 133 U. S., 308.
3. *Lawrence Co.* v. *Tennessee Co.*, 138 U. S., 537.
4. *Candee, Swan & Co.* v. *Deere & Co.*, 54 Ill., 439; 5 Am. Reps., 125.

with satisfactory accuracy and precision what *is* a trade-mark. It will be understood, however, throughout the following discussion, that when we use the term "trade-mark" we do not include any of the things here mentioned as excluded from its scope.

Bouvier defines a trade-mark as

> "A symbol, emblem, or mark, which a tradesman puts upon or wraps or attaches in some way to the goods he manufactures or has caused to be manufactured.*
>
> "It may be in any form of letters, words, vignettes, or ornamental design. Newly recognized words may form a trade-mark. A common name of an article and of a place may, by combination, become a trade-mark."

In France, the commission which reported the Act of June 23, 1857, considered the subject and stated their views as follows: "In what do marks consist? The plan of the law, avoiding *the peril of a definition*, and leaving to doctrine and to jurisprudence the task of defining, has remained mute in this respect," a conclusion in which the Council of State did not fully concur, saying: "The mark is *any sign serving to distinguish the products of a manufacturer, or the objects of commerce*, and the law cannot enumerate the signs." (*Browne on Trade-Marks*, p. 99, sec. 85.) In *Lalande et al.* v. *Appel et al.*, 5 Annales, 248, the Court of Paris defined a trade-mark broadly as *"the characteristic sign by means of which commerce distinguishes the products of one's manufacture, or the objects of his commerce."* The German definition of a trade-mark, as given in *Klostermann on Trade-Marks* (quoted by Browne in a foot-note on p. 100) is equally as broad and comprehensive as the French.

The German statute, in force since May 1, 1875, de-

* This definition is defective—Bouvier should have added, "to distinguish his product from those of others," or words to that effect.

scribes trade-marks as "marks which are to be used on the goods themselves, or on the packing, to distinguish their (the traders') goods from those of other traders." The Belgian trade-mark act of April 1, 1879, defines a trade-mark, almost in the exact words of the French act, as "*Every* sign serving to distinguish the products of an industry, or the objects of a commerce." The Brazilian law of October 23, 1875, defines a trade-mark as the name of the proprietor in some distinctive form, or *any other* denotation, emblem, stamp, seal, signet-stamped mark, relief or wrapping of any kind, which may distinguish manufactured goods or articles of trade. The Austrian statute of December 7, 1858, defines a trade-mark as "the particular signs serving to distinguish in commerce the products and the merchandise of one manufacturer from the products and merchandise of another." The Canadian act of May 15, 1879, includes, as trade-marks, all marks, names, brands, labels, packages, or other business devices, which may be adopted for use by any person in his trade, business, occupation or calling, for the purpose of distinguishing any manufacture, product or article by him manufactured, produced, compounded, packed or offered for sale. The Danish law of July 2, 1880, describes a person's trade-mark as "the mark or marks which he affixes to his merchandise, or the packing thereof, to distinguish the same from merchandise made or sold by others." The English act of 1883, providing for the registration of trade-marks, contains the following statement:

> "(1.) For the purpose of this Act, a trade-mark must consist of or contain at least one of the following essential particulars:
>
> "(*a.*) A name of an individual or firm printed, impressed, or woven in some particular and distinctive manner; or

"(*b.*) A written signature, or copy of a written signature, of the individual or firm applying for registration thereof as a trade-mark; or

"(*c.*) A distinctive device, mark, brand, heading, label, ticket, or fancy word or words not in common use.

"(2.) There may be added to any one or more of these particulars any letters, words, or figures, or combinations of letters, words, or figures, or any of them.

"(3.) Provided that any special and distinctive word or words, letter, figure, or combination of letters or figures, or of letters and figures, used as a trade-mark before the 13th day of August, 1875, may be registered as a trade-mark under this part of this Act."

Under the Dutch trade-mark act of May 25, 1880, a person's trade-mark is defined as "a mark to be placed upon his goods, or upon the wrappers thereof, for the purpose of distinguishing such goods from those of others." The Russian code gives no defintion of "trade-mark," but provides that a trade-mark shall bear on it the name of the manufacturer and of his place of business. The Swedish, Norwegian and Japanese laws contain no definition of the term. The Italian and Roumanian laws are substantially the same as the French act of June 23, 1857. Germany, Austria, Denmark, Holland, Brazil and Sweden disallow registration of trade-marks consisting merely of numerals, letters or words in common use.

With the exception of numerals, letters and words in common use, which some countries refuse to register, none of these attempted definitions undertakes to limit trade-marks to any particular kind or class of marks, but all assume, and that of the French Council of State expressly declares, that they are "*any* sign serving to distinguish the products of a manufacturer." The clearest statement of the law found in any American decision is that of the Su-

preme Court in *McLean* v. *Fleming*, 96 U. S., 245, 250, as follows:

> "Where a party has been in the habit of stamping his goods with a particular mark or brand, so that the purchasers of his goods having that mark or brand know them to be of his manufacture, no other manufacturer has a right to adopt the same stamp,"

a statement which accords in every respect with that of the authorities above cited, and, like them, does not undertake to confine trade-marks to any particular kind or class of marks or signs. We have been unable to find any authority to the contrary. None of our treaties undertakes to define the term "trade-mark," but they all leave its definition to the law of nations. As there defined, a trade-mark is, in the terse and expressive language of the French Council of State (and with the exception already noted as to numerals, letters and "words in common use," that is to say, descriptive words), "*any sign serving to distinguish the products of a manufacturer*," regardless of what the special nature or characteristics of that sign may be. If it be a mark of any kind whatever, not before used by others, but adopted by a particular manufacturer to distinguish his product from those of his competitors and not immoral, false or merely descriptive, then, under all the authorities, it is his trade-mark, and the courts of all civilized countries will protect him in the exclusive use of it for that purpose. It is like a certificate under his sign manual, "O-K-ing" the goods as of his manufacture and genuine. (Chief Justice FULLER in *Menendez* v. *Holt*, 128 U. S., 514, 520.) In *Thorley's Cattle Food Co.* v. *Massam*, 42 L.T. Rep., N. S., 857, Lord JAMES said:

> "The words 'Thorley's Food for Cattle' would indicate, according to my view of the case, to a purchaser, this: You have always had a very good article called 'Thorley's Food for Cattle;' any article bearing

that name is to you a guarantee that it comes from the same place from which that has come with which you have hitherto been well satisfied and content. That in truth is the meaning and object and result of a trade-mark. That is what a trade-mark is; it does not signify what it is—whether it is a name, or a symbol, or a fancy name, *or anything else*. It indicates this, a warranty that the article to which it is attached has come from the particular manufacturer of the goods with which buyers have been hitherto pleased."

(B.) *The Property in a Trade-Mark not Absolute.*

The property in a trade-mark is not absolute and general for all purposes, but it is a qualified property, growing out of prior adoption, and limited to a particular class of goods.

> "There can be no right to the exclusive ownership of any symbols or marks universally in the abstract; thus, an ironfounder who has a particular mark for his manufactures in iron could not restrain the use of the same mark when impressed in woolen or cotton goods; for a trade-mark consists in the exclusive right to the use of some name or symbol as applied to a particular manufacture or vendible commodity, and such exclusive right is property."
>
> *Hall* v. *Barrows*, 10 Jur. N. S., 55, WESTBURY, L. C.

(C.) *The Gist of the Offense of Infringement.*

When a trade-mark right is violated, the essence of the offense consists in unfair competition.

> "In all cases where rights to the exclusive use of a trade-mark are invaded, it is invariably held that the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another; and it is only when this false representation is directly or indirectly made that the party who appeals to a court of equity can have relief."
>
> *Canal Co.* v. *Clark*, 13 Wall., 311, 322.

"Rival manufacturers have no right, by imitative devices, to beguile the public into buying their wares under the impression that they are buying those of their rivals."

Coats v. *Thread Co.*, 149 U. S., 562.

"It is the object of the law relating to trade-marks to prevent one man from stealing away another man's business and good will. Fair competition in business is legitimate and promotes the public good, but an unfair appropriation of another's business by using his name or trade-mark, or an imitation thereof calculated to deceive the public, or in any other way, is justly punishable by damages, and will be enjoined by a court of equity."

BRADLEY, J., in *Celluloid Co.* v. *Cellonite Co.*, 32 Fed. Rep., 94, 97.

"TRADE-MARKS" AND "UNFAIR COMPETITION."

It would seem that, with these clear distinctions and definitions, the subject of trade-marks had been placed beyond the possibility of further uncertainty or misunderstanding. But such is not the fact, as certain recent decisions of the inferior courts, which will be hereinafter commented upon, will conclusively show. The closely analogous law of "unfair competition" and the fact that trade-mark infringement always involves unfair competition, while unfair competition does not always involve trade-mark infringement, have caused, in the minds of some jurists, "confusion worse confounded," rendering it absolutely, necessary that this court shall intervene to place the law on a logical, or at least an *intelligible*, basis of principle. In discussing the subject, we feel obliged to use the terms "trade-mark" and "unfair competition" in contradistinction to each other, because they have been so generally used in that sense that it is now practically impossible to adopt any other nomenclature.

Using the terms in that sense, we remark that, self-evidently, there must be *some* legal distinction between imitable devices which are trade-marks, and others which are not, else, all alike are registrable as trade-marks. In scores of cases the courts, by their action, have affirmed the existence of such a distinction, without undertaking to define it. If it exists at all, it is, of course, compatible with reason and sound sense, and is capable of being understood by the human mind, and therefore of being expressed in words. Unless the federal statute means that all imitable devices used on vendible goods to denote origin are registrable as trade-marks, Congress certainly contemplated such a distinction in providing for the registration of trade-marks, but not providing for that of imitable devices which are protectible only on the ground of unfair competition. In the federal courts, therefore, jurisdictional necessity requires the adoption of some rule or formula stating the legal distinction so clearly that the lower courts will not hereafter stumble into the grossest inconsistencies on this subject, as some of them have occasionally done in the past.

We respectfully submit that an intelligent examination of the highest authorities will show that the material distinctions between trade-marks and unfair competition by imitative devices are two in number, and only two, and that they are as follows:

1. That "trade-marks" are confined exclusively to marks used on *vendible goods* intended for sale; whereas, other marks, not used on such goods, and therefore not trade-marks, are often protected against "unfair competition." Thus, in *Knott* v. *Morgan*, 2 Keen, 213 (Lord COTTENHAM, C.), a passenger transportation company had painted its omnibuses and clothed its servants in a peculiar manner, and the court enjoined a rival from

fraudulently imitating these devices; in *Stone* v. *Carlan* (13 Monthly L. R., 360), *Marsh* v. *Billings* (17 Cushing, 322), and *Deitz* v. *Lamb* (6 Robertson, N. Y. Sup. Ct., 537), certain hotels had placed their names upon their coaches, and rival concerns were enjoined from using these names upon competing coaches; and in *Lippman* v. *Martin*, 5 Ohio, N. P., 120, and a recent California case, a trader had constructed his store front with a peculiar design and ornamentation, to attract custom, and a rival was enjoined from using, on a store alongside, a similar design and ornamentation. These and other analogous cases do not come under the head of trade-mark cases, because the stores, coaches, hotels, etc., are not vendible commodities placed on the market for sale; but they are dealt with under the general power of the courts to suppress or punish deceptive and unfair competition in business. "Unfair competition" is a very broad and comprehensive term, covering every conceivable species of conduct by which one competitor endeavors, by unfair or fraudulent means, to divert to his own benefit the trade or business of another. But so long as it does not concern the use, on vendible goods, of what Mr. Justice Brown (*Coats* v. *Thread Co., supra*) has aptly termed "imitative devices," it is not pertinent to the present discussion, nor is there any obscurity in the law relating to it.

2. Coming, then, to the subject of imitative devices on vendible goods, we remark:

There are two ways by which one man may, by imitative devices, cause his goods to be purchased as the goods of another, to wit, (1) by employing upon his own goods or their package *a specific mark* or symbol which has been used by his competitor for identifying his goods; and (2) by copying upon his own goods or their package *the general external appearance* of the goods of his competitor or some con-

spicuous and striking feature of their general appearance, so that purchasers will, *from mere similarity of appearance*, be liable to mistake the one for the other. When a manufacturer or dealer relies upon a specific mark to identify his goods, *irrespective of their general appearance*, then he is to be protected under the trade-mark law; and, according to all the authorities above cited, it "does not signify what it is—whether it is a name, or a symbol, or a fancy name or *anything else*" (Lord JAMES, in *Thorley's Cattle Food Co.* v. *Massam, supra*), but when he elects to rely upon giving his manufactured article, *as a whole*, a peculiar and distinctive general appearance, distinguishing it from goods of a similar class made or sold by others, then he will be protected, not on the ground of trade-mark, but upon that of unfair competition. So that the question to be decided in all cases of the unlawful use of imitative devices upon vendible goods always resolves itself into this: Does the plaintiff rely upon *a specific mark* to identify his goods, irrespective of their general appearance, or, on the other hand, does he rely upon their general appearance alone? Such a distinction is obviously consistent with the reason and logic of the thing, giving a clear and satisfactory explanation of the fact that certain cases of unfair competition by means of imitative devices are treated as trade-mark cases, while others are regarded merely as cases of "unfair competition;" and it is, we think, supported by substantially all of the reliable reported decisions, although in none of them, so far as we are aware, have the courts clearly explained the simple principle which separates such cases into two distinct classes, bearing different names.

Trade-Mark Cases, 100 U. S., 82.
Canal Co. v. *Clark*, 13 Wall., 311.
Manufacturing Co. v. *Trainer*, 101 U. S., 51.
McLean v. *Fleming*, 96 U. S., 245.

Kidd v. *Johnson*, 100 U. S., 617.
Manhattan Med. Co. v. *Wood*, 108 U. S., 218.
Liggett Co. v. *Finzer*, 128 U. S., 182.
Menendez v. *Holt*, 128 U. S., 514.
Goodyear Co. v. *Goodyear Co.*, 128 U. S., 596.
Stachelberg v. *Ponce*, 128 U. S., 686.
Corbin v. *Gould*, 133 U. S., 308.
Lawrence Co. v. *Tennessee Co.*, 138 U. S., 537.
Brown Chemical Co. v. *Mayes*, 139 U. S., 540.
Higgins v. *Keuffel*, 140 U. S., 428.
Coats v. *Thread Co.*, 149 U. S., 562.
Columbia Mill Co. v. *Alcorn*, 150 U. S., 460.
South Carolina v. *Seymour*, 153 U. S., 353.
Richmond Co. v. *Richmond*, 159 U. S., 293.
In re Keasbey & Mattison Co., 160 U. S., 221.
Singer Co. v. *June Co.*, 163 U. S., 169.
Castner v. *Coffman*, 178 U. S., 168.

The above list comprises all the cases involving trade-marks that are found in the reports of this court to and including vol. 178 U. S.

(On "unfair competition" the cases are too numerous to be here cited, but a very full list of them will be found cited, with editorial comments, in 20 C. C. A., 165 [note to *Scheuer* v. *Muller*], and 30 C. C. A., 376 [note to *Lare* v. *Harper & Bros*].)

The true distinction between trade-mark infringement and "unfair competition" is very clearly indicated in *Potter Co.* v. *Pasfield Soap Co.*, 102 Fed., 490 (THOMAS, J., A. D. 1900.)

By expressing this distinctive principle clearly, and adding the sanction of its supreme authority, this court will relieve the subject from the greater part of its present confusion and confer an inestimable benefit upon the bar and the public. True, even with the distinction expressed most

clearly, cases will still be liable to arise occasionally in which the proper application of the principle will not be entirely clear. Thus, it is easily conceivable that in a given case a specific mark used on the article of merchandise may be so large and obtrusive or otherwise peculiar in its appearance as to dominate the general appearance of the entire article; but such a case would present no real difficulty, for, under such circumstances, it would be perfectly proper to sustain the proprietary right on either ground, or on both. For illustrative examples of such cases, see *Buck's Stove and Range Co.* v. *Kiechle,* 76 Fed., 768, and *Putnam Nail Co.* v. *Bennett,* 43 Fed., 800.

It follows, from the premises above stated, that a trade-mark is not necessarily a wholly arbitrary or unmeaning device. The only requirement is, that it shall be a *specific mark,* in contradistinction to the *general appearance* of the goods. Of course, as already said, it must not be immoral, profane, false, merely descriptive or used only for the purpose of showing where the goods can be obtained. But, with these proper and reasonable limitations, it may be partially descriptive (*Menendez* v. *Holt, supra*), and may, as Lord Justice JAMES says, be "a name, or a symbol, or a fancy name, or *anything else*" serving to indicate to the public that the goods upon which it appears are from the same manufacturer or dealer as those upon which it has before appeared and which have proved to be satisfactory.

And finally, the same considerations conclusively dispose of the contention of some writers that the difference between imitative devices which involve the violation of a trade-mark and those which involve only unfair competition lies in the fact (as they assume), that it is not necessary to prove the fraudulent intent of the infringer in trade-mark cases, while it is necessary in cases of unfair competition. There is nothing in this alleged distinction,

for the assumed fact *is not true*. Fraudulent misrepresentation must *always* be proved. It is, as this court said in *Canal Co.* v. *Clark, supra*, "the essence of the wrong, ... and it is only when this false representation is directly or indirectly made that the party who appeals to a court of equity can have relief." Some trade-marks are of such a character that their use by a competitor demonstrates on its face an intentional, and therefore fraudulent, simulation or appropriation, and hence, in such cases, the courts require no further proof of fraudulent intent; while other marks are of such a character as to require proof additional to the mere use of the mark. So, too, in cases of unfair competition—if the plaintiff had adopted for his goods a dress or general appearance so unique and peculiar as to distinguish them from all articles before on the market (as, for example, in *Putnam Nail Co.* v. *Bennett*, 43 Fed., 800, BRADLEY, J., and *Hires* v. *Consumers' Co.*, 100 Fed., 809, C. C. A.), and the defendant had thereafter closely copied or simulated this unique and original appearance, the courts would call for no additional proof of fraudulent intent—the facts speaking for themselves. The question in all such cases is: How much and what kind of proof will satisfy the court of fraudulent intent? It is a question to be determined by the common sense of the judge, and does not involve any principle of law, nor any distinction between the subjects of trade-marks and unfair competition. The point is well illustrated by three of the early English cases on trade-marks, *Blanchard* v. *Hill* (*"Great Mogul"*), A. D. 1742, HARDWICKE, C., 2 Atk., 484; *Singleton* v. *Bolton* (*"Dr. Johnson's Yellow Ointment"*), A. D. 1783, MANSFIELD, J., 3 Doug., 293, and *Hogg* v. *Kirby* (*"The Wonderful Magazine"*), A. D. 1803, ELDON, C., 8 Ves., 215. *Blanchard* v. *Hill* and *Singleton* v. *Bolton* are the first two trade-mark cases reported in the

English books, and in both of them the devices that were infringed would now be considered unquestionably specific trade-marks; but nevertheless Lord HARDWICKE and Lord Chief Justice MANSFIELD held that the fraudulent intent of the infringer must be established by proofs additional to the mere showing made by the defendant's simulation of the marks, Lord HARDWICKE saying that "it was not the single act of making use of the mark that was sufficient to maintain the action," and that "it would be of mischievous consequences" to establish such a rule. In *Hogg* v. *Kirby*, however, Lord ELDON, with clearer vision recognized the fact that some marks are of such a character that their use by the defendant is obviously fraudulent, and therefore no further evidence of fraud should be required; and he enjoined the defendant upon the face of his acts—a ruling which has been followed, in like cases, to the present day. Lord Justice TURNER, in *Burgess* v. *Burgess*, De G. M. & G., 876, and Lord Justice JAMES, in *Thorley's Cattle Food Co.* v. *Massam*, 42 L. T. R., N. S., 851, stated the principle with great lucidity, in the following language:

> "When a person is selling goods under a particular name, and another person not having that name is using it, it may be *presumed* that he so uses it to represent the goods so sold by himself as the goods of the person whose name he uses; but where the defendant sells goods under his own name, and it happens that the plaintiff has the same name, *it does not follow that the defendant is selling his goods as the goods of the plaintiff. It is a question of evidence in each case whether there is false representation or not.*"

Lord JAMES adds: "That I take to be the accurate description of the law which was adopted by the House of Lords" (referring to *Wotherspoon* v. *Currie*).

In *Gage-Downs Co.* v. *Featherbone Corset Co.*, 83 Fed. Rep., 213, Judge SEVERENS, in deciding a case where the

use of a particular mark by the defendant was not conclusive, one way or the other, as to his alleged fraudulent intent, said that "*In such a case it depends entirely upon the proof,*" and that if shown to be used as "a means of appropriating the business advantages, good will, and trade-name of the complainant, that is not lawful."

It is clear, therefore, both upon reason and the highest authority, that the distinction between "trade-marks" and "unfair competition" does not rest upon the kind or quantity of proof necessary to produce conviction of the fact that the defendant's intent was fraudulent, but *upon the inherent difference between the marks themselves*—the one being a specific mark, irrespective of the general appearance of the goods, and the other being the general appearance of the goods, irrespective of any one specific mark upon them. All other differences are merely incidental and not distinctive. It remains to be added that in both classes of cases the wrong is always of the same nature, namely, the selling of one man's goods as those of another; the character of the proof is, as we have seen, substantially the same, the forum is generally the same, the form of action the same and the relief the same.

It therefore clearly appears that the essential differences between "trade-marks" and "unfair competition" reduce to two and only two, namely, (1) that a trade-mark is, and unfair competition is not, always confined to vendible goods, and (2) that trade-mark differs from unfair competition precisely as a specific mark upon an article differs from the general appearance of the entire article.

From the above consideration, it follows irresistably that, in the exclusive use of the word "Elgin" to distinguish its watches from those of other manufacturers, the complainant must be protected, if at all, upon the ground that such word has become its *trade-mark*. Such mark has nothing

to do with the general appearance of the goods, and therefore cannot be protected on the ground of "unfair competition;" it is simply a specific mark, which, when found on a watch, indicates, in the absence of any further explanation, that such watch was made by the great corporation which has been using that mark as its specific trade-mark for a period of thirty-five years past. The mark has long been duly registered as its trade-mark for watches, and therefore, if it be a trade-mark, the federal courts have statutory jurisdiction of the present suit, irrespective of the residence of the parties.

GEOGRAPHICAL NAMES MAY BE USED AS TRADE-MARKS.

"But," it is argued by the appellees, "the word 'Elgin' cannot be appropriated as a trade-mark, because it is a geographical name."

We submit that the point thus broadly taken by the defendants is not good. A geographical name may or may not be a valid trade-mark, according to the circumstances surrounding its appropriation and use, and the signification which it has acquired in connection with such use. If used in its *mere* geographical sense—for example, for the purpose of showing where the goods can be obtained by the public, or of what geographical region the article is a natural product—it becomes essentially descriptive, and therefore is *publici juris;* but if in the circumstances in which it is used it has become substantially divorced from its geographical significance, and has acquired a secondary meaning denoting the particular producer whose goods have been accustomed to be so marked, and distinguishing his goods from those of his competitors, then it is a valid trade-mark. This principle of law is, we think, fully established, not only by reason and sound sense, but by a

great array of cases of the highest authority, among which we may cite the following:

In *Thompson* v. *Montgomery,* 41 Ch. D., 35, 56, the complainants and their predecessors had for a hundred years been brewing and selling at Stone, a town of 6,000 or 7,000 inhabitants in England, a superior ale, marked and known as "Stone Ale." The defendant, an innkeeper at Liverpool, had used and sold this ale and knew its popularity; and he established a brewery at Stone and sold his ale as Stone ale. The court found that he had appropriated the name by reason of the great popularity which the complainants and their predecessors had given it, and enjoined him from its further use; and the House of Lords (A. D., 1891) affirmed this action. In delivering their opinions in the House of Lords, Lord HERSCHELL said:

> " It appears to me idle to argue in opposition to the injunction that it is against the public interest to permit a monopoly of the use of the name of a town for trade purposes when the only effect of allowing its use by the person and for the purpose sought to be restrained would be to deceive the public."

Lord WATSON said:

> " I am of opinion that any attempt by the defendant to sell ale or beer of his own brewing as 'Stone Ales' or as 'Stone Ale' would constitute an infringement of *the plaintiff's right.*"

Lord HANNEN said:

> " Here the evidence has satisfied Chitty, J., and the Court of Appeal, and I think ought to satisfy your lordships, that the respondent had acquired by long usage the names of 'Stone Ale' and 'Stone Ales;' that that name does not merely convey the idea that the beer was manufactured at Stone, but that it was ale of the respondents' manufacture."

In *Wotherspoon* v. *Currie,* 5 H. of L., 508, the complainants manufactured starch at Glenfield which had be-

come generally known as "Glenfield Starch." The defendant commenced manufacturing starch at Glenfield, and sold his goods as "Glenfield Starch." The courts found that he was putting the word Glenfield on his labels fraudulently with the intention of making out that his starch was the starch of the complainants, who had by use acquired the right to the name of "Glenfield Starch," and enjoined him from further use of the name. The House of Lords affirmed the decree. In announcing his opinion, Lord WESTBURY said:

> "I take it to be clear from the evidence that long antecedent to the operations of the respondent the word 'Glenfield' had acquired *a secondary signification or meaning in connection with a particular manufacture.* In short, it had become *the trade denomination of the starch made by the appellant.* It was wholly taken out of its ordinary meaning, and in connection with starch had acquired that peculiar secondary signification to which I have referred. *The word 'Glenfield,' therefore, as a denomination of starch, had become the property of the appellant. It was his right and title in connection with the starch.* Now the question is, has that property been invaded by the respondent? and I take the whole proceedings of the respondent from beginning to end to have been nothing in the world more than a contrivance for getting the word 'Glenfield' associated with his manufacture. If that be true, what the respondent has done has been done *malo animo* with a view of possessing himself of a denomination which was the property of the appellant."

In *McAndrew* v. *Bassett*, 10 Jur., 350, 384, the plaintiffs had for about six weeks been marking their liquorice with the word *"Anatolia,"* the name of a province in Asia Minor. The defendants then began to stamp their liquorice with the same word. The court held that the name was a valid trade-mark, and enjoined the defendants from using it. Lord WESTBURY said:

"An element of the right to the property in a trade-mark may be represented as being the fact of the article being in the market as a vendible article, with that stamp or trade-mark, at the time when the defendants imitate it. The essential ingredients for constituting an infringement of that right probably would be found to be no other than these: First, that the mark had been applied by the plaintiff's properly, that is to say, that they have not copied any other person's mark, and that the mark does not involve any false representation; secondly, that the article so marked is actually a vendible article in the market; and, thirdly, that the defendants, knowing that to be so, have imitated the mark for the purpose of passing in the market other articles of a similar description. . . . Property in the word (Anatolia) for all purposes cannot exist; but property in that word, as applied by way of stamp upon a particular vendible article, as a stick of liquorice, does exist the moment the article goes into the market so stamped, and there obtains acceptance and reputation whereby the stamp gets currency as an indication of superior quality, or of some other circumstance which renders the article so stamped acceptable to the public."

In *Gage-Downs Co.* v. *Featherbone Corset Co.*, 83 Fed. Rep., 213, Judge SEVERENS ably stated the law as follows:

"Upon the arguments and in the briefs a great number of cases bearing upon the subject of the right of a party to appropriate the name of a place as a trade-mark or a trade-name, and wherein the circumstances in which it would be permitted and in which it would not, are extensively discussed. I have examined all the cases which were cited which were accessible, but I have not had the time to make any extended analysis of them upon paper. The circumstances vary greatly, but the underlying principle which is effective in the solution of such cases is that a party may not adopt a mark or symbol which has been employed by another manufacturer, and by long use and employment on the part of that other has come to be recognized by the public as denoting the

origin of the manufacture, and thus impose upon the public by inducing them to believe that the goods which this new party thus offers are the goods of the original party. In other words, it is a fundamental principle that a man cannot make use of a reputation which another manufacturer has acquired in a trade-mark or name, and, by inducing the public to act upon a misapprehension as to the source of the origin, deprive the other party of the good will and reputation which he has acquired, and to which he is entitled. Now, there are many cases in which it has been held that the name of the place where goods are manufactured is not the subject of appropriation, and this may be said to be the general rule, and to be applicable where that is the sole feature of the trade-mark or trade-name, and where the name of the place is used in its primary signification. But the use of the name of the place may, under circumstances, be such as to denote to the eye and mind of the public the name of the person who has, perhaps, by long-continued business in that place, or long appropriation of that name, and being the only person there who has thus appropriated and used that name, produced goods which has gained their favor. In such circumstances the name of the place may acquire a secondary signification, and become, instead of denoting the place where the goods are manufactured, a mark denoting the manufacturer, and in such case, and in the circumstance where the name has thus acquired a secondary signification, a party may use it, and may be entitled, possibly, to its exclusive use. In such a case it depends entirely upon the proof, and, if it appears that the name is used for the purpose of denoting where the goods are made—if this is the primary object—then it is not subject to be appropriated by any one person resident there. All other residents have the like privilege of use. But, if the circumstances of the case show clearly that the use of that name is a means of appropriating the business advantages, good will, and trade-name of the complainant, that is not lawful."

In *American Waltham Watch Co.* v. *U. S. Watch Co.*

(Sup. Ct. of Mass.), 53 Northeastern Rep., 141, it was held that the word "*Waltham*" upon watches made by the American Waltham Watch Company was entitled to be protected against unlawful use upon other watches—a case exactly parallel to the case at bar. A like ruling was made by Judge TOWNSEND in *Am. Waltham Watch Co.* v. *Sandham*, U. S. Cir. Ct., Southern Dist. of N. Y. (A. D. 1899), 96 Fed., 330. Both the Supreme Court of Massachusetts and Judge TOWNSEND held that the word "Waltham" had acquired a secondary signification in connection with watches, denoting a particular manufacturer. This was also the substance of Judge SHOWALTER's reasoning in the case at bar.

In the Waltham cases above cited it may be doubtful whether Judges KNOWLTON and TOWNSEND observed that, under the eminent authorities above referred to, and those which will be hereinafter cited, the fact that the geographical word had acquired such secondary signification imparted to it the character of a trade-mark. They may have meant that it did, but their language upon the point is not clear and is capable of being interpreted in either way. Judge TOWNSEND's statement that the defendant's act was "in violation of the law against unfair trade" would be as true of the violation of a trade-mark as of technical "unfair competition," for the violation of a trade-mark is always "in violation of the law against unfair trade." It is, however, evident from the opinion of the court that the specific word "Waltham" did not dominate the general appearance of the watches; that it was intentionally used by the defendant in imitation of the plaintiff's mark, and that it deceived the public; hence, that it was protectible as a trade-mark, if protectible at all. In the case at bar, Judge SHOWALTER left no doubt as to his meaning that the word "Elgin" is the plaintiff's trade-

mark; and, if there be any difference between his conclusion and that of Judges KNOWLTON and TOWNSEND, he is clearly supported by the great weight of authority.

In *Lea* v. *Wolff*, 13 Abb. Pr., N. S., 389, the court said:

> "Where words or names are in common use, no one person can claim a special appropriation of them to his peculiar use; but where words and the allocation of words have, by long use, become known as designating the article of a particular manufacturer, he acquires a right to them as a trade-mark, which competing dealers cannot fraudulently invade. The essence of the wrong is the false representation and deceit. When the improper design is apparent an injunction should be issued.
>
> "As a general rule, geographical names cannot be appropriated as trade-marks; but the rule has its exceptions, where the intention in the adoption of the descriptive word is not so much to indicate the place of manufacture as to encroach upon the previous use and popularity of another's trade-mark."

In *Manitowoc Pea-Packing Co.* v. *Numsen & Sons*, 93 Fed. Rep., 196; C. C. A., the court said:

> "A man may not use his own name to accomplish a fraud; neither can he use a synonym; nor can he use the name of the city where he lives, or its nickname, to accomplish a like purpose. It is always a question of fraud, but not necessarily of actual fraud. The act, however innocent, is considered constructively fraudulent if the result would tend to unfair trade, to confusion of goods, and to interference with the rights of another."

In *Gebbie* v. *Stitt*, 31 N. Y. St., 102, the court held that a manufacturer will be protected in the use of a geographical name ("*Deer River*") by which his goods are known to the public, against another manufacturer who uses the name for the fraudulent purpose of deceiving customers.

In *Hirst* v. *Denham*, L. R., 14 Eq., 542, the complainant had adopted as trade-marks for certain woolen cloths the

geographical names "Turin," "Sefton," and "Liverpool." BACON, V. C., enjoined the defendant from using them on similar goods.

In *Powell* v. *McNulty*, Cox Trade-Mark Cases, p. 294, No. 526, the plaintiff had adopted the geographical expression "Yorkshire Relish" as a trade-mark for a sauce or relish manufactured by him. The court enjoined the defendant from using it.

In *Taylor* v. *Carpenter*, 3 Sto., 458, the plaintiff had appropriated the word "Persian" for thread, and Judge STORY had no hesitation in enjoining the defendant from using it.

In *Metcalf* v. *Brand*, 86 Ky., 331, the question arose whether the word "Lexington" had become a lawful trade-mark for manufactured mustard. It did not appear whether the plaintiff or the defendant was the first to appropriate it for that purpose; but in discussing the legal question the court said:

> "The name of the place where it is made serves in no possible way to indicate its quality or composition, and where the manufacturer has given it a geographical name, which he was the first to use in connection with the article, it seems to us that it may, from long use in such connection, acquire a secondary meaning, and, instead of designating the place where the article is made, indicate its origin, or that it is the product of a particular manufacturer, or made according to his method. When this is the case, it becomes, in our opinion, a valid trade-mark. The name is no longer used to indicate the place where they are made, but becomes the name of his goods. It gives notice that he is the maker. It, by reason of first and continued use, and association with the name of the article made or sold by him, acquires an understood reference to him. It is the trade denomination of his article. It acquires a secondary meaning in connection with a particular manufacture."

In the cases of the *Vichy* (57 Fed. Rep., 18), *Carlsbad* (57 Fed. Rep., 37; 68 Fed. Rep., 794), and *Apollinaris* (14 Blatch., 380) springs, the several defendants were shown to be using the name fraudulently, and they were all enjoined. There are many other cases where the name of a mineral-water spring has been similarly protected.

In none of the cases above cited, so far as we are aware, was there any charge or evidence that the defendant was simulating the *general appearance* of the plaintiff's goods, but only that he was using or simulating a specific geographical word used by the plaintiff as a trade-mark, and that he was doing it for the purpose of palming off his goods as goods produced or marketed by the plaintiff. These cases are, therefore, all trade-mark cases; and they seem to establish the rule of law that, although geographical names are not universally, or even generally, appropriable as trade-marks, yet where such a name has acquired a secondary signification denoting the goods of a particular manufacturer or dealer it becomes for him a valid trade-mark for such goods.

Nothing could illustrate the differences between "trade-marks" and "unfair competition" more beautifully and delicately than do geographical names in their various uses in trade. We have seen how they become trade-marks when by intimate association with the product of a particular manufacturer they acquire a secondary signification denoting his product in contradistinction to that of all others. In other cases, where they retain only their geographical signification, and are therefore not protectible as trade-marks, they may still, on the ground of unfair comeptition, be protectible as against certain users, while not protectible as against other users. Thus, where a particular town or district has acquired so enviable a reputation for one of its natural or manufactured products as to induce

unscrupulous persons residing elsewhere to use the name *falsely* upon their competing goods, such false use manifestly involves a false and fraudulent misrepresentation, and it has more than once been enjoined on the ground of unfair competition at the instance of some resident producer who felt himself aggrieved by the fraudulent use of the name (*Newman* v. *Alvord,* 51 N. Y., 189; *Lead Co.* v. *Cary,* 25 Fed. Rep., 125). Mr. Justice BRADLEY, however, in the Rosendale Cement case (44 Fed. Rep., 277, and 45 Fed. Rep., 212) held that in such cases, as in cases of public nuisance, suit would not lie on behalf of a private individual, except upon proof of special damage—a position in which Judge PUTNAM afterwards found himself unable to concur. (51 Fed., 852.) In other cases, where a certain article (such as coal, wheat, flour, tobacco, cement, iron, salt, milk and its products, grapes and their products, whiskey, etc., etc.) may be considered the natural product of a certain region, possessing peculiarities due to the soil, water, climate, or modes of manufacture prevailing in that region, the geographical name of the region, when used in connection with the product, is peculiarly and emphatically descriptive, conveying information about its characteristics which can be adequately conveyed in no other manner; hence, the courts invariably hold that all producers of such article in that region, and all dealers in it there and elsewhere, are alike free to use the name,* although if a non-resident were to use it falsely he might, as above stated, be enjoined from such fraudulent use. And finally, there comes the case of an honest manufacturer or dealer who lawfully uses the geopraphical name merely to indicate where his business is situated and

* Even in such case, however, Lord CRANWORTH, in *Seixo* v. *Provezende,* 12 Jur. N. S., 215, required the defendant to use it in such a way as to distinguish his goods from those of the plaintiff.

his goods can be obtained. In this case, if the name have already become the trade-mark for the goods of another manufacturer or dealer, the innocent user must, on the principle of *Singer Co.* v. *June Co.*, 163 U. S., 169, and *Seixo* v. *Provezende, supra,* so use it as to show unmistakably that he does not claim it as his trade-mark; and if there were no real necessity for his using it at all, that fact would incline the courts to totally interdict it to him.

These several classes of cases involving the use of a geographical name upon vendible commodities, and distinguishing between the different kinds of such uses, protecting some and prohibiting others, illustrate the fact that there is no absolute property in a name or mark, but only a right of protection; and they bring out clearly, and emphasize strongly, the admirable statement of this court in *McLean* v. *Fleming,* 96 U. S., 245, 251, as to the circumstances under which that right of protection becomes absolute as a trade-mark, to wit:

> "Where, therefore, a party has been in the habit of stamping his goods with a particular mark or brand, *so that the purchasers of his goods having that mark or brand know them to be of his manufacture,* no other manufacturer has a right to adopt the same stamp; because, by doing so, he would be substantially representing the goods to be the manufacture of the person who first adopted the stamp, and so would or might be depriving him of the profit he might make by the sale of the goods which the purchaser intended to buy"—

a statement of the law which covers the entire ground, applies to all varieties of marks or names geographical or otherwise, reconciles and harmonizes all apparently conflicting authorities, and fills the measure of a completely full and accurate definition of the legal term "trade-mark." *All there is of property right in a trade-mark of any kind is the right of the plaintiff to use it on a particular class*

of vendible goods to indicate their origin, and to prevent others from using it on the same class of goods to indicate the same origin.

Another highly illustrative case, from the House of Lords, is the recent case of *Reddaway* v. *Banham* (A. D. 1896), App. Cas., p. 199, which, although not concerning a geographical name, shows how a merely *descriptive* term may become a valid trade-mark by acquiring a secondary signification denoting the goods of a particular manufacturer. In that case, Reddaway began the manufacture of belting from a yarn similar to that used in making carpets, and gave his product the name "camel-hair" belting, marking his goods with the name "camel," or the figure of a camel, or both together. A great trade in this belting resulted, especially in India and other tropical countries, where it was known under this name, adopted by him, of "camel-hair" belting. The defendant infringed by making belting of the same material and selling it under the same name. When the name was first adopted and its popularity acquired, the yarn was not known to be made of camel's hair; but long afterwards it was discovered that such was the fact, and that the words "camel's hair" were accurately descriptive of the belting. The jury, however, found that in the trade the term had come to signify Reddaway's belting as distinguished from belting made by other manufacturers; that defendant adopted it for the purpose of diverting Reddaway's trade; and that he had actually endeavored, in certain instances, to palm off his goods as made by Reddaway. The House of Lords held that the term had acquired a secondary signification, meaning Reddaway's belting, and enjoined the defendant from using it. The defendant's counsel stoutly argued that the words "Camel's-Hair Belting," used by the defendant,

were the simple truth; but Lord MACNAGHTON disposed of that contention in the following language:

> "Can it be said that the description, 'camel's hair belting,' as used by Banham, is the simple truth? I will not call it an abuse of language to say so, but certainly it is not altogether a happy expression. The whole merit of that description, its one virtue, for Banham's purposes, lies in its duplicity. It means two things. At Banham's works, where it cannot mean Reddaway's belting, it may be considered to mean belting made of camel's hair. Abroad, to the German manufacturer, to the Bombay mill-owner, to the up-country native, it must mean Reddaway's belting—it can mean nothing else. I venture to think that a statement which is literally true, but which is intended to convey a false impression, has something of a faulty ring about it. It is not sterling coin. It has no right to the genuine stamp and impress of truth."

The device thus protected by the House of Lords was clearly protected as Reddaway's *trade-mark*—the public were misled, not by the general appearance of the goods, but by the simulated mark or name fraudulently applied to them by the defendant. If an expression accurately descriptive of the goods and literally true can, by acquiring a secondary signification, become a valid trade-mark, *a fortiori*, a geographical name which has acquired such a signification in connection with certain goods can become one.

These cases are very instructive. They show, beyond question, that there is no arbitrary or technical rule governing the admission of names or marks into the category of trade-marks; that, under proper circumstances, a geographical name, or even a word or phrase accurately descriptive of the quality of the goods, may acquire the legal character and standing of a trade-mark; in other words, that, in the language of Lord JAMES, above cited, it "does

not signify what it is—whether a name, or a symbol, or a fancy name, *or anything else"*—the real and only true test being that given by this court in *McLean* v. *Fleming.*

Objections Considered.

The appellees (defendants below) will undoubtedly argue that our conclusion is inconsistent with the action of the courts in *Columbia Mills* v. *Alcorn* (150 U. S., 460); *Glendon Iron Co.* v. *Uhler* (75 Pa., 467; 15 Am. Reps., 599): *Elgin Butter Co.* v. *Elgin Creamery Co.* (155 Ill., 136), and *Candee, Swan & Co.* v. *Deere & Co.* (54 Ill., 439; 5 Am. Reps., 125); but we submit that it is in entire harmony with all of those cases.

In *Columbia Mills* v. *Alcorn,* the word "Columbia" was claimed as a trade-mark for flour. This court (p. 464) found that "the word 'Columbia,' as a brand upon sacks and barrels of flour, was in use long before its appropriation by complainant;" that it gave no information on the subject of origin, production or ownership (p. 466); that the geographical name "was intended to indicate the quality, or class, or character of the flour" (top of p. 467); that the goods were usually, if not always, sold by sample, and not by their brand, and therefore the brand could not deceive (p. 467); and that the word "Columbia" was as purely geographical a designation as the words "United States," "America," "Minnesota," or "Minneapolis" (p. 466), and then remarked, "These *merely geographical* names cannot be appropriated and made the subject of an exclusive property." Certainly not; as we have already shown, a name "merely geographical" cannot be thus exclusively appropriated, because, in such case, it is purely descriptive and has no secondary signification. Hence, there were in *Columbia Mills* v. *Alcorn,* four fatal defects in the plaintiff's case, to wit (1), the plaintiff was not the

first to appropriate the word for flour; (2) when so appropriated, it denoted the peculiar quality of the flour as a product of the region mentioned; (3) it had not acquired a secondary signification denoting the product of a particular manufacturer, but, on the contrary, retained its "merely geographical" sense; and (4) it had no effect upon the sale of the goods. There is obviously nothing in all this which militates in the slightest degree against our arguments or conclusion.

In *Glendon Iron Co.* v. *Uhler*, the court found, as a fact, that the name of the town, Glendon, was used by the defendant merely in its geographical sense, and said (15 Am. Rep., 603):

> "We are unable to discover satisfactory proof that the appellees adopted their trade-mark with the design of imitating the one used by the appellants. The learned judge was entirely correct in dismissing the bill."

Under such circumstances, as we have already shown, there could be no other conclusion.

In *Elgin Butter Co.* v. *Elgin Creamery Co.*, the case went off on demurrer to the bill for not alleging any fraud or wrong in the defendant's acts—a technical question of pleading.

In *Candee, Swan & Co.* v. *Deere & Co.*, the mark

JOHN DEERE,
MOLINE, ILL.,

used by Deere & Co., plowmakers, at Moline, Ill., was charged to be infringed by the mark

CANDEE, SWAN & CO.,
MOLINE, ILL.,

used by Candee, Swan & Co., plowmakers, at the same

place. The court found, as facts, that at the time when the plaintiff went into business at Moline, Illinois, plows had been, and were being, made and sold by Kinsey, and also by Berry, at the same place, who had been accustomed to brand them with the words "Moline, Ill.," arranged on a horizontal line under the name of the maker arranged in a curved line, as was afterwards done by the plaintiff and defendant. The plaintiff admitted that his trade-mark consisted of the words "*John Deere, Moline, Ill.,*" and not of "Moline, Ill." alone (5 Am. Rep., p. 137); and it was shown that the defendants had never used the words "John Deere, Moline, Ill." The court further found that the defendants had never employed or intended their mark for the purpose of palming off their plows as plows made by Deere & Co., and that it was of such a character that it could not be so used: "*No person of ordinary observation could suppose, in looking at appellants'* (defendants') *brand, that it was designed to palm off their manufacture as that of John Deere, when it told them, as plain as letters and words can speak, that it was not made by John Deere, nor by appellees*" (plaintiffs). (Id., p. 138.) . . . "*Had appellants adopted this trade-mark, or so simulated it as to deceive the public, and with that intent, an injunction might be proper.*" (Id., p. 138.) Under such circumstances, of course, the plaintiff could have no relief—the words "Moline, Ill.," were admittedly not his trade-mark, nor was he the first to use them upon plows; the trade-mark which he did adopt was not infringed; and the expression "Moline, Ill." was employed by the defendants purely in its geographical sense as indicating their place of manufacture, and not for the purpose nor with the effect of diverting away the plaintiff's trade. A stronger case against the plaintiff's right to recover could hardly be stated. In deciding the case, however, the court

briefly discussed the general question of using geographical names as trade-marks (5 Am. Rep., p. 141); but the only authority upon which it relied as supporting its views on that point was *the decision of the lower court* in the Glenfield starch case—a decision which was afterwards, upon the very point in question, wholly overruled and reversed by the House of Lords, as we have already seen. Such discussion, however, was, in the Moline case, entirely unnecessary to the case, and purely academical; for, even if the geographical name were the plaintiff's trade-mark (which it could not be, by reason of its prior adoption and continued use by others), the proofs showed that the defendants had not used it for the purpose or with the result of palming off their plows as the plows of the complainant —hence the case entirely failed to establish any trade-mark liability under the rule stated by this court in *McLean* v. *Fleming*.

There is, therefore, nothing in any of these cases to shake, in the slightest degree, the conclusions at which we have arrived. On the contrary, the fact that in each of them the court, as a reason for declining protection, specifically pointed out the absence of some feature which we have shown to be necessary to establish trade-mark liability, strongly confirms the correctness of our position.

Geographical and Personal Names Compared.

The same principle (secondary signification) thus established with regard to geographical names, and, in the Reddaway case, to a descriptive expression, applies also to personal names, but with a slight modification in practice resulting from the absolute right of every man to use his own name in his business. To accord to a person trade-mark rights in his family name, when so many

others are lawfully entitled to use the same name, is, doubtless, as Vice-Chancellor Wood (Lord Hatherly) says in *Ainsworth* v. *Walmsley*, 12 Jur. N. S., 205, "as strong an instance of trade-mark as can be suggested;" but such trade-marks have long been sanctioned by the highest authority. (See remarks of Mr. Justice Clifford in *McLean* v. *Fleming*, 96 U. S., 245, 252.) Mr. Justice Clifford (p. 252) calls attention to the fact that such trade-marks can be enforced against persons of the same name only in cases of fraud and false representation; and this is what we have referred to above as a slight modification of practice. But it is, in reality, only an apparent modification, and not an exception to the general rule; for no trade-mark can be enforced except to restrain or punish fraud and false representation. (*Canal Co.* v. *Clark*, 13 Wall., 311, 322.) Lord Justice James put the matter plainly in *Thorley's Cattle Food Co.* v. *Massam, supra*, where he says: "But where the defendant sells goods under his own name, and it happens that the plaintiff has the same name, it does not follow that the defendant is selling his goods as the goods of the plaintiff. *It is a question of evidence in each case whether there is false representation or not.*" And it was on such evidence that the Circuit Court of Appeals for the Sixth Circuit, in *Garrett Co.* v. *Garrett*, 24 C. C. A., 173, restrained a man from using his own name, and cited ample authority for such action.

If the personal name of the plaintiff can be protected as a trade-mark, as Mr. Justice Clifford admits in *McLean* v. *Fleming, a fortiori* the name of his place of residence or manufacture should be protected, as a trade-mark, against like fraudulent uses. And this, as we have seen, is the rule adopted by the highest authorities in all cases where the geographical name has acquired a special signification in connection with the plaintiff's goods,

distinguishing them from those of other manufacturers. The principles of law are founded upon reason, and are therefore permanent; and they should be applied with substantial uniformity wherever that reason is found to exist.

Inconsistent Decisions.

We have already intimated that there are several recent decisions of the lower courts which are not reconcilable with *any* theory of the law, and are, therefore, of no weight as authorities, but serve merely to show the mental confusion which exists quite generally on the subjects of trade-marks and "unfair competition," and which ought to be removed by an authoritative and clear statement of the legal principle involved.

One of the cases referred to is *Morgan Envelope Co.* v. *Walton et al.*, 82 Fed., 469 (Fitzpatrick, J.), a suit to enjoin the use of the word "Columbia" upon packages of closet paper. It is perfectly clear that the word was not used in a geographical sense, and that it was not descriptive of the quality of the paper. It does not appear that it was so applied as to dominate the general appearance of the package, nor that the packages of the plaintiff and defendant resembled each other, except in bearing the same name "Columbia." It does, on the contrary, appear that it was the name "Columbia" which caused the goods to sell, by denoting that they had been made by that same manufacturer whose packages, under that name, had theretofore been found satisfactory; and that persons desiring goods of that make asked for "Columbia" paper. Under such circumstances, the name was clearly a trade-mark but the court, evidently not observing the express limitations of Mr. Justice Jackson's language in *Columbia Mills* v.

Alcorn, held, on the strength of that authority, that being a geographical name it could not be a trade-mark. Nevertheless, it proceeded to enjoin the use of the name on the ground of "unfair competition," and apparently in the absence of proof that, except the name, there was any peculiarity in the general appearance of the goods as compared with other goods of that character on the market, or that there was any imitative similarity in the general appearance of the plaintiff's and defendant's packages. Such a decision wipes out all distinction between "trade-marks" and "unfair competition," and renders the law of those subjects completely unintelligible.

Subject to similar comment is the case of *Thomas G. Plant Co.* v. *May Co.,* 100 Fed., 72 (RICKS, J.), relating to an alleged trade-mark on ladies' shoes. The trade-mark was applied inside of the top of the shoe, where it could not be seen without close examination, and it consisted in the letter Q with a long flourish substantially enclosing the words "Queen's Quality." The goods were known on the market, and bought and sold under the name "Queen shoes." Ladies' shoes have been on the market so long in such an infinite variety of style and shape that it would seem impossible for any manufacturer to originate a new style or shape so distinctively his own as to be, on the ground of unfair competition, protectible against use by others. It seems clear from the opinion that the goods were extensively sold on the reputation of the plaintiff, and by reason of the name "Queen" and the plaintiff's trade-mark. The court doubted the plaintiff's right to an injunction on the trade-mark, but awarded it on the ground of unfair competition; and in its reasoning and conclusion it mixed up the law of trade-marks and unfair competition in such inextricable confusion as to render their disentanglement substantially hopeless. Evidently, on the

facts stated, the injunction should have been awarded on the ground of trade-mark or not at all.

We mention these cases (among a great number which might be cited) simply to show the pressing need of some clear pronouncement by the Supreme Court on this subject which shall enable all the inferior courts to distinguish readily between trade-marks and unfair competition. The distinction is simple and clear; but, so far as we are aware, it has never been set forth authoritatively and clearly so as to prevent misunderstanding on the part of the bar and the courts. The requirements of the trade-mark statute, and the jurisdictional necessities of the federal courts in cases of registered trade-marks where there is no diverse citizenship, render it extremely important that the subject should be made perfectly clear.

It only remains for us to show that in the case at bar the word "Elgin," in connection with watches, had acquired a secondary signification denoting a particular manufacturer (the plaintiff), and that the defendants appropriated it for fraudulent purposes. This we will now proceed to do.

"Elgin" a Valid Trade-Mark for Complainant's Watches.

1. At the outset of the discussion of this question, we call the attention of the court to one important fact, to wit, that *the complainant is not an Elgin corporation, but is a Chicago corporation* (Cutter, p. 47, Ans. 50), having its general offices and headquarters in Chicago, and only its shops at Elgin. (*Id.*, Ans. 53; *Hunter*, p. 41, Ans. 21, 22.)

Its original corporate name was "The National Watch Company," and it was not till 1874 that it added the word "Elgin" to its name and became the "Elgin National

Watch Company." (See *Hunter*, p. 39, Ans. 11, 12, and incorporation papers printed on pp. 208 to 211.) *Its commercial business is all transacted at Chicago.* Any person applying to it for goods, whether in person or by mail, would apply to it at its office in Chicago, and not at Elgin. The business public, its customers, would have no occasion to connect it with the City of Elgin, Illinois, nor even to know that its works were located there, unless by chance informed of that fact. Mr. *Cutter* testifies (p. 48, Ans. 61) that such fact is but little known, and that he is often asked, "Where is your factory located?" This effectively disposes of any argument that the complainant uses the name in a "merely geographical" sense. It has no occasion to use the word in that sense, and never has so used it. So far as concerns its commercial business the name is substantially fanciful, and the complainant might just as well have adopted any other word as a trade-mark. But this name, after its original adoption in 1865 as a trade-mark, soon became known all over the world as distinctive of the goods made by that particular Chicago corporation, and its success as a trade-mark was so great that, nine years after its adoption, it forced the company to change its corporate name—*the corporate name not leading to the adoption of the trade-mark, but the trade-mark leading to the adoption of the corporate name.*

2. The following abstract of the evidence will put the facts clearly and fully before the court.

George Hunter, superintendent of the Elgin National Watch Company, testified as follows: On January 1, 1865, the National Watch Company commenced manufacturing watch-movements at Elgin, Illinois, then a small town of four or five thousand inhabitants (p. 38, Ans. 5, 6), but now having a population of about 22,000. (Ans.

7.) At that time, the watch factory nearest to Elgin was at Hudson City, New Jersey (Ans. 9), and there were only two watch factories in this country. (Ans. 10.) May 12, 1874, the National Watch Company changed its name to Elgin National Watch Company (pp. 39, 40.) Its business grew from small beginnings in 1865-'6 up to a daily product of 2,100 watch-movements in the year 1892—a larger output than that of any other watch company in the world. (P. 40.) The reputation of its goods has always been very high, "as good as the best," and it has made great efforts to maintain that reputation. (Pp. 40, 41, Ans. 17, 18.)

The watches and watch-movements made and sold to the trade by this company have always been known all over the world as "Elgin" watches (Ans. 15, 16); and, from the time when it made its first watch-movements, it has always marked the word "Elgin" upon its movements (Ans. 20), by engraving it upon the plates or painting it on the dial or both (Ans. 29), either using the word "Elgin" alone, or using it in connection with other words, as, for example, "Elgin Natl. Watch Co." (Id., Ans. 38 to 44), or "Lady Elgin." (*Cutter*, p. 78, Ans. 129.) The word "Elgin" when it appears on a watch, means the same as "Elgin National Watch Co.," namely, that the watch was manufactured by the Elgin National Watch Company, and means all that the reputation of that company implies. (*Hunter*, p. 45, Ans. 47, 48.) The company, after having for ten years used the word "Elgin" as a trade-mark, registered it as such, in the Patent Office, April 11, 1876. The act of Congress under which that registration was made having been held unconstitutional, and another act passed to take its place, the company re-registered said trade-mark November 14, 1882, but, by some mistake, registered it only as for watch-movements. To correct this

mistake they again registered it in 1892, as a trade-mark for watches, the same as the original registration of 1876. (*Prindle,* pp. 147, 148.)

John M. Cutter, general agent of the Elgin National Watch Company, testified as follows:

He has been in the employ of the complainant since December 11, 1876 (p. 46, Ans. 51), and its general agent since May 1, 1884. (Ans. 52.)* The company has always had considerable foreign trade, extending to every civilized country whose inhabitants carry watches (Ans. 54 to 56), and its watches are sold in every section of the United States. (Ans. 57.) Its watches are known, the world over, as "Elgin Watches" (Ans. 59), and have been extensively advertised under that name ever since witness was first connected with the company. (Ans. 58.) The fact that the company's factory is located at Elgin is but very little known among the general public, and witness has been asked repeatedly, by people familiar with the name "Elgin Watches," "Where is your factory located?" *And, in advising them that it was at Elgin, they would want to know where that place was.* (Ans. 61.)† The word "Elgin" has been known as the name of the watch, and, in witness' opinion, never had any geographical significance in that connection (Ans. 62); it is always placed on every movement made and sold by complainant (Ans 66, 67), and is used throughout the world to distinguish watches containing complainant's movements from all other watches. (Ans. 69.) The word "Elgin" alone has been marked on the dial for the last twenty years, on 10, 8, 6 and 0 sizes (70-73); the reputation of complainant's

* He is, at the present time, vice-president of the Elgin National Watch Company.

† There are thirty-six towns in North America and Scotland bearing the name "Elgin."

watches has no superior (Ans. 63), is of the greatest conceivable value to the company (Ans. 65), and is the result of complainant's efforts to keep the quality of its goods at a high standard. (Ans. 64.) When people desire a watch of complainant's manufacture, they ask for an "Elgin Watch." (Ans. 68.) Complainant makes fully a hundred different grades of movements (Ans. 74), and has from time to time made radical changes in their construction (Ans. 75 to 77), but has applied the word "Elgin" to them all (Ans. 78), not to indicate any particular construction or grade, but to distinguish watches made by the complainant from all other watches (Ans. 79); it also advertises its goods to the public as "Elgin Watches" (Ans. 80), and has spent several hundred thousand dollars in advertising them under this name (Ans. 81, 138); the reputation of its watches is its principal asset, as is attested by millions of people who are using its watches because of their reputation as the best time-pieces (Ans. 112); it is impossible to appreciate the extent to which it would suffer if parties should be allowed to put on the market watch-cases bearing the word "Elgin," and containing movements of inferior quality* (Ans. 112); it is quite impossible for the complainant to detect such frauds, owing to the enormous extent of the distribution of its watches (Ans. 120); witness gives an instance where such fraud was detected by the watch coming in for repairs (Ans. 111); and another instance where inferior movements, cased in defendants' cases, were palmed off on the public as "Elgin Watches," and even advertised as such (Ans. 95

* The notary has omitted a portion of Q. 112 from the record. The question was: "How would the business reputation of your company be affected if a case manufacturer should put upon the market watch-cases bearing the trade-mark 'Elgin,' and they should be used to encase movements of very inferior quality?"—and it was *this* question which Mr. Cutler answered.

to 102); such things, if permitted, would ruin the reputation of the Elgin Watch Company (Ans. 103); there is nothing to prevent rogues from doing this if case-makers are allowed to put the word "Elgin" on the cases (Ans. 98); complainant owns the following registered trade-marks containing the word "Elgin," viz., "Elgin," "Elgin Watch Co.," "Elgin, Ill.," "Elgin National Watch Co.," "Lady Elgin" (Ans. 129); complainant has never advertised "Elgin Movements," but always "Elgin Watches"—the general public wouldn't know what an Elgin movement was, were it to be so advertised (Ans. 140); complainant's movements are adapted to be used in different cases made by different case-manufacturers (Ans. 149); about fifteen years ago complainant manufactured some complete watches, case and all. (Ans. 132.)

After the examination of Mr. Cutter was concluded, the following well-known gentlemen dealing heavily in watches in Chicago, viz., *Julius Schnering* (of Otto Young & Co., wholesale jewelers), *Samuel W. Dripps* (of Benj. Allen & Co., wholesale jewelers), *James L. Rowe* (of Rowe Bros., retail jewelers), *John P. Owen* (of M. A. Mead & Co., wholesale jewelers), *Leo Hettich* (retail watch dealer), *Fred G. Thearle, Jr.* (wholesale and retail jeweler), *Louis H. Schafer* (of Norris, Allister & Co., dealers in watches), *O. C. Hansen* (of Spaulding & Co., dealers in watches and jewelry), and *John Schaub* (salesman for C. D. Peacock), were examined on behalf of complainant, and testified that watches containing complainant's movements are and have for many years been everywhere known and sold as "Elgin Watches;" that the public know and purchase them under that name; that the public, as a rule, do not distinguish between the case and the movement, but simply look upon the whole article as a watch; and that watch-cases marked with the words which the de-

fendants mark on their cases, viz., "Elgin Commander," "Elgin Giant" and "Elgin Tiger" would be liable to deceive the ordinary purchaser, and could be made use of as an instrumentality for deceiving him into buying a watch on the supposition that it was made by the Elgin National Watch Company, when, in fact, its movement was an inferior one not made by that company at all. *Mr. Hettich* further stated that he had lost the sale of a genuine Elgin watch through the fact that another party got hold of the customer before the sale was completed and sold him a bogus watch having an inferior movement in a filled case marked "Elgin," and that a fraudulent concern at one time started, in a basement at the corner of Madison and La Salle streets, Chicago, the business of palming off upon the public such bogus watches and continued it until they were run out of town by the police.

In the decision of this case in the Circuit Court below, by Judge SHOWALTER, a very able authority in trade-mark matters, this evidence was carefully and accurately summarized. (See Tr., pp. 23, 24.) The Circuit Court of Appeals (p. 261) gives an abridged summary, which is correct so far as it goes.

This evidence shows conclusively the continuous and notorious employment of the word "Elgin" by the complainant, for a period of more than thirty years, as a trade-mark, and that it had, in every respect, acquired the characteristics and functions of a trade-mark. If our view of the law is correct, it was, therefore, clearly registrable under the act of Congress, and the federal courts have jurisdiction of this suit. It only remains to inquire whether the defendants have used it with fraudulent intent. On this point, also, the evidence is absolutely conclusive, being, in substance, as follows:

THE DEFENDANTS' USE OF THE MARK FRAUDULENT.

1. While the defendants (appellees) were manufacturing at Chicago, *three years before they removed to Elgin*, they appropriated the name "Elgin" upon their goods and have continued to use it ever since. Their adoption of the word was therefore conceived in fraud, and for the purpose of deceiving the public. It did not indicate the place where their commercial business was transacted, but a place where it was *not* transacted. It did not indicate the place where their goods were made, but a place where they were *not made*. There could be but one motive for this, that their goods should be understood by the public to have been made by the great manufacturing concern at Chicago, whose watches had become famous all over the world as "Elgin Watches."

The history of this matter is as follows: A considerable time prior to May, 1890, *Max C. Eppenstein*, a jeweler, of Chicago, and *Thomas W. Duncan* were associated together in the manufacture of watch-cases in a basement rented from Mr. Blatchford, at 48 Clinton street, Chicago. They appear to have incorporated themselves under the name of Illinois Watch Case Company, Mr. Eppenstein being, and for several years remaining, the first president, after which Mr. Duncan became and still remains president, and Mr. Eppenstein a director. (See testimony of *Thomas W. Duncan*, examined by complainant, pp. 164, 165, 175.) In May, 1890, they moved their business to Elgin, procured a factory and have extended their operations until now they have about 250 persons in their employ. (*Sheridan*, Ans. 32, p. 160; *Duncan*, Ans. 9, pp. 164, 165.)

At the very beginning of their operations at Chicago they appropriated the word "Elgin" *as a trade-mark*, us-

ing it in connection with the the word "Tiger." On August 10, 1893, they applied for registration of the words "Elgin Tiger," *as a trade-mark*, under the provisions of the act of Congress of March 3, 1881; and the registration was granted December 5, 1893. (See copy of registration in evidence, p. 249.) In applying for this registration they were obliged by the statute (Sect. 1) to state *"the length of time during which the trade-mark has been used."* In compliance with this statutory requirement, Mr. Eppenstein, as president of the company, filed a sworn statement, dated July 11, 1893 (see said copy of registration), in which he declared:

> *"This trade-mark has been continuously used by the said corporation since about the 1st day of June, 1887."**

It stands proved, therefore, that their original adoption and use of the word "Elgin" was fraudulent. Its use for three years having been confessedly a fraud, the continuation of that use ever since has been simply a continuation of that fraud. It was not used during those three years for geographical purposes and has not been used since for such purposes. It was adopted and *registered* by the defendant corporation as a *trade-mark* and it has always been used as a trade-mark.

2. The fact above referred to is conclusive evidence that the appellees (defendants) are not using the word "Elgin" on their goods to show where the goods are made, but simply as a fraudulent simulation of the complainant's well-known trade-mark. But it is not all of the evidence

* This sworn statement, made in 1893, shows that Mr. Duncan was testifying falsely on April 14, 1897, when he said (p. 170, Ans. 57), that his company only did business about a year and a half at Chicago before moving to Elgin.

to that effect—there is much more pointing in the same direction.

First. It is unnecessary to mark on their cases the name of the place where they are made. No other watch-case manufacturer does it, except *very recently,* the Dueber Company, of Canton, Ohio. Among the largest watch-case manufacturers in this country are the Keystone Watch Case Company, of Philadelphia, Pa.; Joseph Fahys & Company, of New York City, and the Courvoisier-Wilcox Manufacturing Company, of Bloomfield, N. J. We called as witnesses *Henry M. Carle,* agent of the Keystone Company (pp. 141 to 144), *George Weidig,* agent of Joseph Fahys & Company (pp. 144, 145), and *Samuel C. Payson,* agent of the Courvoisier-Wilcox Manufacturing Company (pp. 145, 146), and they testified unanimously that their companies do not mark the name of their places of business on their watch-cases, and that no case manufacturer in the country does so mark his watch-cases, *except the Illinois Watch-Case Company* and the Dueber Company; and that the Dueber Company had only been doing it about a year. (See *Carle,* Ans. 438; *Payson,* Ans. 566, 567, and *Weidig,* Ans. 555.) The Keystone Company has made between three and four millions of watch-cases (*Carle,* Ans. 431) and the Fahys Company about five millions (*Weidig,* Ans. 450), vast outputs, enormously exceeding that of the defendants. It is therefore untrue that case manufacturers are obliged to mark their product with the name of their place of business. Up to a date less than three months before the filing of the bill in this suit, the defendants were the only case manufacturers in the United States who were doing it. Their course in this respect is broadly exceptional—they stand practically alone. This shows that there are other effective ways in which buyers of watch-cases can be in-

formed where to look for the fulfillment of their guaranties (universally given by case manufacturers; see *Sheridan*, p. 156, Ans. 6), and that all other manufacturers except themselves prefer to make use of such other ways.

Second. No sooner had they located at Elgin, in May, 1890, than they made a strong and persistent effort to steal not merely the complainant's trade-mark, *but also its corporate name.* To this end the conspirators, Eppenstein and Duncan, undertook to change their business name from Illinois Watch Case Company to *Elgin Watch Case Company.* (Cutter, pp. 52, 53; Ans. 88, 89.) The officers of the complainant, however, got wind of it before the transaction was consummated, and themselves incorporated a company under that name, whereby, under the operation of the state laws, the defendants were prevented from assuming the same corporate name. But they were not to be easily deterred from so important a part of their scheme, and they proceeded at once to take out a license to incorporate the "Elgin National Watch Case Company," a still closer simulation of the complainant's corporate name. Upon notice of the granting of such license, the complainant at once filed a bill in the state courts to enjoin the proceeding, and such injunction was granted by Judge HORTON, of the Cook County Circuit Court, who delivered an able opinion December 21, 1892, fully sustaining the right of the complainant as against any such dishonest simulation of its corporate name. (See Judge HORTON's opinion, printed in the Transcript, pp. 109 to 116.) The conspirators then gave up this step of their programme and have since used their own name, "Illinois Watch Case Company." (*Cutter,* Ans. 88, 89.)

Third. They even went so far as to try to build up a *bicycle* business on the complainant's reputation. The complainant was not engaged in the manufacture of bicy-

cles; but its reputation for mechanical perfection and for integrity was so universally known that these conspirators easily saw that bicycles would sell "like hot cakes" if the public could only be led to believe that they were made by the makers of the famous "Elgin Watch." So they went to work to carry out this beautiful scheme as follows:

In 1895 they incorporated (as Mr. Duncan *alleges*) a company for the manufacture of bicycles, called the Elgin Cycle Company (see Duncan's deposition, pp. 95 to 99), of which Thomas W. Duncan, president of the Illinois Watch Case Company, is also president (*Duncan,* Ans. 223); and they have so conducted this business as to cause these bicycles to be sold all over the country as *bicycles made by the complainant.* (*Cutter,* pp. 69-74, Ans. 114 to 120; *Prindle,* pp. 124-127, Ans. 349 to 355.) One of their bicycle trade-catalogues is in evidence as "Complainant's Exhibit Defendants' Bicycle Catalogue," and upon both covers we find displayed the words "Elgin King," *with the picture of a watch between them,* so as naturally to be read "Elgin Watch King," with all that those words imply. On the first page inside is the picture of an *immense factory,* and below it the words: "Factory and Main Office of the Elgin Cycle Co., at Elgin, Ill., Builders of High-Grade Bicycles." The picture is not a picture of the defendants' factory, nor of the Elgin Cycle Company's factory, but, in the extent and general arrangement of the buildings shown, closely resembles the complainant's watch-factory. (See testimony of *George E. Hunter,* pp. 127-129; and photographs therein referred to.) The words "Elgin" (watch picture) "King" on the outside of the covers, are evidently designed to be read in connection with the immense factory represented on p. 1, with the inevitable result that nine readers out of ten, the country over, would be led to believe, as the letters and

newspaper extracts put in evidence by Mr. Hunter show they have been led to believe, that these bicycles are made by the Elgin National Watch Company—a thing which it was evidently believed would make them sell "like hot cakes." (See testimony of *Prindle*, p. 126.)

The so-called "Elgin Cycle Co." is a mere branch and appendage of the Illinois Watch Case Company. The defendants tried to conceal this fact, and Mr. Duncan (p. 165, Ans. 15), on April 14, 1897, swore that it was "a distinct and separate company." Mr. Duncan is president, and Mr. Eppenstein a director, of both companies. (*Duncan*, Ans. 48, 52, 60, 62.) His (Duncan's) testimony, from X-Q. 64 to X-Q. 78 (pp. 171, 172) is so illustrative that we here copy it in full:

"X-Q. 64. What is the capital stock of the Illinois Watch Case Company?

"A. Two hundred and fifty thousand dollars.

"X-Q. 65. Name five of its principal stockholders.

"A. There are not five principal stockholders.

"X-Q. 66. How many stockholders has it?

"A. Is that a question to be answered, Mr. Banning?

"By Mr. Banning: You may exercise your pleasure about answering it.

"A. Answer refused.

"X-Q. 67. Name its principal stockholders?

"A. Answer refused.

"X-Q. 68. What is the capital stock of the Elgin Cycle Company?

"A. One hundred thousand dollars.

"X-Q. 69. Name five of its principal stockholders.

"A. Answer refused.

"X-Q. 70. Name its principal stockholders.

"A. Answer refused.

"X-Q. 71. Is it not a fact that the persons who own the majority of the stock, and control the business of the Illinois Watch Case Company are the

same persons who own the majority of the stock, and control the business, of the Elgin Cycle Works?

"A. Answer refused.

"X-Q. 72. Does the Elgin Cycle Company do business in a building at Elgin, which is an extension of the building in which the Illinois Watch Case Company carries on its business?

"A. It does.

"X-Q. 73. Who built that extension?

"A. Answer refused.

"X-Q. 74. Will you tell me why you refuse to state to the court whether or not the same persons who own a majority of the stock and control the business of the Illinois Watch Case Company are the persons who own the majority of the stock and control the business of the Elgin Cycle Company?

"A. I refuse to answer the question.

"X-Q. 75. Is it not a fact that both of those companies are owned and managed by the same persons?

"A. Answer refused.

"X-Q. 76. Why do you refuse to answer my last question?

"A. Answer still refused.

"X-Q. 77. Who furnished the capital with which the Elgin Cycle Company established and carries on its business?

"A. Answer refused.

"X-Q. 78. Is it not a fact that these two so-called companies are practically but branches or departments of a single concern, which have been incorporated under different names?

"A. Answer refused."

Previously to said examination of April 14, 1897, on behalf of defendants, he had been examined (C. Rec., pp. 95-99) on behalf of the complainant, and at that time, also, he refused to give any information about the management, control, officers or stockholders of the Cycle Company. He admitted that it carries on business in one end of the same building that is occupied by the Illinois Watch Case Company (Ans. 227), and that the latter

company built and owns the building, and owns the machinery therein (Ans. 241, 242, 243); but he refused to say whether the liabilities of the Elgin Cycle Company are contracted in the name of the Illinois Watch Case Company (Ans. 227); whether its officers have never included its assets and liabilities as the assets and liabilities of the Illinois Watch Case Company (Ans. 230); who pays the mechanics that operate its machinery (Ans. 244); who buys the raw material that it works up into bicycles (Ans. 245); and, in general, to give any information about its business. These refusals, of course, tell the story too plainly to admit of any misunderstanding, but, to clinch the matter, we produced and put in evidence a copy of the "*Elgin Daily News,*" of December 19, 1896, containing an advertisement of the business of the Illinois Watch Case Company, paid for by that company (*Reid,* pp. 202-206), and which contains, among other things, the following statement:

> "The Elgin Cycle Company is *a branch of the above company*" (the Illinois Watch Case Company), "devoted to the manufacture of high-grade bicycles."

(See, also, *Cutler,* p. 74, Ans. 119.)

All of Mr. Duncan's floundering was, therefore, useless, as the fact stood already confessed through the public prints; and his reluctance to make a clean breast of it to this court only demonstrates a guilty consciousness of the improper motives and improper business methods of the defendants in connection with their bicycle enterprise. Mr. Duncan, as usual, when on the witness stand, refused to answer any questions about this *Elgin Daily News* advertisement. (See his last deposition, pp. 178, 179.)

The advertisement of the defendants' watch-case and bicycle factory in the *Elgin Daily News* also contains a picture of their building; and we ask the court to compare

it with the picture on p. 1 of their bicycle catalogue, and judge of the motives which dictated the false and deceptive representation contained in the catalogue.

The testimony of Mr. *Cutter* shows that the scheme was successful. The complainant began to be deluged with letters of inquiry about its supposed bicycles, and, in at least one instance, these fraudulent bicycles were actually advertised as *"the product of the famous Elgin Watch Company—that means they're best."* (*Cutter,* pp. 69 to 73.)

Fourth. Another fact shows that the defendants' use of the word "Elgin" was not for the purpose of giving information as to where the goods were made. They were in the habit of marking their watch-cases in several different places, in some of which they used the word "Elgin" without association with "Tiger," "Giant" or "Commander." Thus, in the "Exhibit Elgin Commander Watch Case," here in evidence, we find stamped into the inside of the back cap the words "Guaranteed Elgin 14 k, 20 years." (And see *Duncan,* p. 168, Ans. 38.) This was clearly conducive to their *real* purpose; for it enabled any rascal to put a worthless movement into the defendants' watch-case and then, by calling attention to the words "Guaranteed Elgin," to palm it off upon the unsuspecting as a genuine Elgin watch. "Guaranteed Elgin" could only mean "Elgin Watch," and this was recognized the world over as the complainant's watch. The whole thing was so inconsistent with their pretended purpose of simply indicating where the goods were made, that during the progress of the cause, and evidently upon the advice of their counsel, they stopped marking "Guaranteed Elgin" upon their goods (*Duncan,* p. 168, Ans. 39 to 43)—an obvious confession that they feared its influence upon the mind of the court.

Taking all these things together, the evidence of the defendants' fraudulent intent in appropriating the various indicia of the complainant's business rises to the full measure of demonstrative proof. In the language of Lord WESTBURY in the Glenfield starch case, "the proceedings of the respondent from beginning to end have been nothing in the world more than a contrivance for getting the word 'Glenfield' (Elgin) associated with his manufacture." The simple fact is, that the defendant concern has been playing the part of a parasite—a vermin feeding on the life-blood of the complainant's business. It began this dirty work while still at Chicago; and the removal to Elgin, designed to be followed by the substantial appropriation of the complainant's corporate name, was but a step in the operation. The whole scheme savors of Shylock and Baxter street, and, in all probability, was an emanation from the fertile brain of Max C. Eppenstein, who officiated as president until some time later than February 14, 1894 (see his attestation of that date to the "Elgin Giant" registration), and has been one of its directors ever since, and who had the sagacity to keep away from the witness stand.

INFRINGEMENT—PART 1.

The defendants do not manufacture watch-movements, but only watch-cases; and they stamp the cases with the words "Guaranteed Elgin," "Elgin Tiger," "Elgin Giant" or "Elgin Commander" *confessedly as a trade-mark* and sell them, thus marked, to the Canadian trade, and throughout the United States. As to the sales of the Canadian trade, Mr. *Duncan* at first undertook to lie about it. Thus, on April 14, 1897, when under examination by his own counsel, he testified

(Ans. 27) that the defendants had never "manufactured watch-cases and shipped them abroad—that is, to other countries—or sold them to Indian tribes, on which or in connection with which in any way the word Elgin was used." In making this statement under oath, he forgot that his company had three times given the lie to it in such a way that the complainant's counsel was liable to know the facts, to wit: In the declaration forming a part of the "Elgin Tiger" registration filed August 10, 1893, where Mr. Eppenstein had said, under oath, "that the same is used by it in commerce between the United States and foreign nations or Indian tribes, and particularly with the Dominion of Canada;" again, March 5, 1894, in the declaration forming a part of the "Elgin Giant" registration, where the same words had been repeated and sworn to; and again in the *Elgin Daily News* advertisement of December 19, 1896, where his company had said: "These watch-cases are sold throughout the United States and Canada by the leading wholesale jewelers." It would seem that, after all this, Mr. Duncan could hardly be ignorant of the fact, and that, only about three and a half months after publishing the *Daily News* article, he could hardly have forgotton the fact, especially as the advertisement was in the present tense, indicating that these sales throughout Canada were then (December 19, 1886) actively going on.

At all events, twelve days later than this denial, namely, April 26, 1897, his counsel had evidently gotten some inkling of the situation, for he recalled Mr. Duncan (pp. 175 to 180) and had him admit that the defendants had sold "Elgin Tiger," "Elgin Giant" and "Elgin Commander" watch-cases in Canada.

Strictly speaking, a watch is the "movement" or "works" by which the flight of time is mechanically

watched, registered and indicated to the eye. To protect the delicate mechanism from injury by contact, or dirt, or moisture, it must be encased in a box or case. In handling these "movements" commercially it is customary to enclose each of them in a small round tin box, resembling an ordinary pill-box; but for the purpose of enabling them to be carried in the pocket they are provided with a more elaborate and ornamented box, termed a "watch-case."

Watches and cases are not usually made by the same manufacturer, hence the necessity of making the movements and cases in standard sizes, so that a case of any given standard size will fit any movement of the corresponding standard size. It is a settled rule of law, absolutely essential to the effective protection of trade-mark property, that a trade-mark is infringed just as completely by placing it on the box, cover, case or package in which the goods are contained as by placing it directly upon the goods themselves.

When the defendants, stamping the complainant's trade-mark upon their watch-cases, sell them to the public for the purpose of being used to contain any corresponding size of movement, by whomsoever made, they know to an absolute certainty that some of them, and perhaps the majority, will be used upon movements not made by the complainant, and will falsely indicate that they were of the complainant's manufacture.

These watch-cases, thus fraudulently and deceptively marked, have had their intended effect. It is, in the nature of things, impossible, and the conspirators well knew that it would be impossible, for the complainant ever to learn of one instance out of every thousand instances where buyers have been deceived by them into buying spurious watches as watches made by the complainant. In probably the vast majority of instances, the buyers

never know how or by what means they have been deceived, or, if told that they have been defrauded, they mentally charge the fraud upon the complainant, and take their revenge by traducing it among their neighbors and acquaintances. All they know, of their own knowledge, is, that they bought a watch marked "Elgin," and bought it as an "Elgin Watch," and it turned out to be an inferior and unsatisfactory timekeeper; and they naturally jump to the conclusion that the company which is making and marketing "Elgin Watches" is a fraud and a humbug. Even if told by some neighboring jeweler that they have been deceived by others, and that it is not an "Elgin Watch," they in the future, through fear of again being deceived by the word "Elgin," keep clear of watches bearing that name; so that the complainant's business is injured in every event. And their neighbors and friends, knowing that they have been deceived by watches bearing the word "Elgin," imitate their example, and keep clear of all such watches in the future. Meanwhile, the complainant is in entire ignorance of the whole transaction, and feels the effect of it only when its balance sheets are made up at the end of the fiscal year.

Occasionally, however, direct knowledge of these frauds upon its fair name comes to the complainant. Mr. *Cutter* (Ans. 111) tells how one instance came to its knowledge through the buyer's sending the watch to complainant for repair. Mr. Hittich (Ans. 283 to 293) tells of another instance where a bogus concern was evidently doing quite a business in this way. Mr. *Cutter* (Ans. 98, 99) tells of one concern, Bloomingdale Brothers, of New York City, who actually had the audacity to advertise their bogus watches in the New York Evening *Sun*, as follows:

"SALE OF ELGIN WATCHES.

"Gold filled Elgin Tiger Watches, ladies' or gen-

tleman's size, with 7-jeweled nickel-plated American movements, warranted for five years, value $12; special $6.98.

"Gold filled Elgin Giant Watches'* ladies' or gentleman's size, with 7-jeweled nickel-plated American movements, warranted for 20 years. Value $20.00; $9.98."

In another part of the same advertisement, "5-jeweled solid gold watches with Waltham or Elgin movements," were offered to the public, although neither the Elgin Company nor the Waltham Company ever made a 5-jeweled movement. (*Cutter,* Ans. 100.) Mr. Cutter got a friend to buy one of these Bloomingdale "Elgin Watches," and *it turned out to be one of the defendants' "Elgin Tiger" cases, containing a "New York Standard" movement inferior both in price and quality to the lowest grade of goods made by the complainant.* (*Cutter,* Ans. 101.)

In full illustration of this subject, the court will find some very interesting reading in Mr. *Cutter's* answers 104 to 106, where he offers in evidence some correspondence between the complainant and its Australian agent, Mr. Manson, since deceased. This correspondence detailed the particulars of a gigantic fraud perpetrated upon the people of Australia by one Davis, who claimed to represent Eppenstein & Co., of Chicago, and who advertised for sale "the largest consignment of Elgin and Waltham watches ever offered in the Australian colonies." (P. 63.) It appears (pp. 59-64) that this fellow, Davis, made use of the defendants' "Elgin Commander," "Elgin Tiger" and "Elgin Giant" watch-cases as a means for carrying out his fraudulent transactions, and by it was proceeding on the highway to fortune until the complainant's agent got after him and he was compelled to "skip the the country." We

* Not Elgin Tiger or Elgin Giant watch-*cases*, but Elgin Tiger and Elgin Giant *watches*—mark the fact.

do not know whether or not "Eppenstein & Co., of Chicago," had anything directly to do with this Australian fraud, or with the Bloomingdale fraud; but, of course, they are, in any event, directly responsible for it, because it is the natural and inevitable result of their simulation of our trade-mark. "Eppenstein & Co., of Chicago," means, in substance, the "Illinois Watch Case Company," of which Mr. Eppenstein was one of the founders, the first president, and a present director.

The defendants sell their watch-cases to the wholesale jewelers, and, of course, have no further control of them thereafter. (*Duncan*, pp. 165, 166, Ans. 20, 21, 22.) Hence, there is nothing to hinder any scoundrel from supplying himself with these cases, filling them with worthless movements, and palming the whole off upon the public as "Elgin Watches." This brings the defendants' actions directly under the interdiction of Judge GRESHAM, in *Southern White Lead Co.* v. *Cary et al.*, 25 F. R., 125, where he said: "The defendants sell their goods to retail dealers, and it may be that *such dealers* are not deceived, but they sell to *customers who are or may be deceived,*" and therefore enjoined the defendants. See, also, *Orr, Ewing & Co.* v. *Johnston & Co.*, 40 L. T. N. S., 307; *Sykes* v. *Sykes*, 3 Barn & Cress., 541.

The defendants contend that, as the complainant makes only watch-movements, its trade-mark should be confined to the movements, and not extended to cover cases. This argument *assumes the validity of the trade-mark*, and seeks only to limit the range of its application.

But the trade-mark was adopted, used, and registered, as a trade-mark for *watches*. (See *Hunter*, p. 41; *Cutter*, pp. 46 to 51, and Certificate of Registration, pp. 232, 233.) The public do not buy watch-movements, but watches. Complainant has always advertised its goods as

"Elgin Watches" (*Cutler*, Ans. 140, p. 80); and the general public would not know what an Elgin movement was, were it advertised as such. (Id.) The public understand a "watch" to consist of the case and the works contained within it; they have no knowledge that the two parts are made by different manufacturers; and seeing the complainant's trade-mark on the case, they would inevitably infer that the works were also our manufacture.

Finally, Section 7 of the Trade-Mark Act prohibits the unauthorized use of a registered trade-mark upon "Merchandise of substantially the same descriptive properties as those described in the registration." Now, the defendants' watch-cases are intended for the sole purpose of encasing watch-movements. When that purpose is effected, it results that our trade-mark becomes affixed to "merchandise of substantially the same descriptive properties as those described in the registration"—and this result, prohibited in terms by the statute, is chargeable solely to the acts of defendants. The courts would simply stultify themselves if they permitted the statute to be practically nullified in such a way as this.

Infringement—Part II.

This case also raises another interesting and very important question. The Circuit Court decreed that the defendants had infringed the registered mark both by using it on goods sold or intended for sale *in this country*, and on such goods in foreign commerce. (See Transcript, top of p. 31.) Defendants' counsel moved the court to amend the decree by omitting reference to domestic commerce, but the court refused to make such amendment. (See pp. 32, 33.) The appellee will undoubtedly argue that Judge Showalter was wrong in entering such a decree; and

this raises the question to which we refer, namely, what *is* the offense of infringement of a *registered* trade-mark which, in the statute, is made cognizable by the federal courts without regard to diverse citizenship—does it exist only when the goods made by the defendant are to go into the foreign or Indian trade, or does it exist whenever the registered mark is falsely placed *upon the goods,* irrespective of their destination? *This question, be it observed, is altogether different from that of the original right to register.* It is, of course, conceded that, both under the Constitution and the statute, the applicant's original right to register depends upon his own use of the trade-mark in commerce with foreign nations or with the Indian tribes. It is from such use, and only from such use, that Congress derives the power to legislate on the subject at all. But when, by such use, Congress has acquired the authority to legislate, *then* what follows? Is not that authority plenary? Cannot Congress say that such mark, duly registered under its lawful authority, shall not be counterfeited? It seems to us that this question must be answered in the affirmative—that the mark thus registered becomes, to all intents and purposes, a federal mark, just as the stamp on a coin is a federal mark, and that Congress has power to say that no person shall counterfeit or imitate it and use the counterfeit or imitation upon the same class of goods. At all events, that is what Congress has assumed the power to say, and has said, in that section of the Trade-Mark Act (Sect. 7) which defines the offense of infringement. *As there expressly and carefully defined, the offense consists in reproducing, counterfeiting, copying, or colorably imitating the registered trade-mark and affixing it to the goods; and is complete when that is done, without regard to the intended destination of the goods.* To allow others

to use the same mark in domestic commerce on the same class of goods would render the protection of the statute ineffective even for foreign commerce; because, if the unlawful goods were allowed to be scattered broadcast over the United States, it would be impossible to prevent them from going abroad. There were, therefore, strong reasons urging Congress to make the protection effective by prohibiting others from using the registered mark on the same class of goods for any purpose whatever.

Besides, there is no good reason why the defendant should be allowed to use in domestic trade a trade-mark registered to another for foreign commerce. In order to register the trade-mark at all, the registrant must be its lawful owner, that is to say, he must by prior adoption and continued use have acquired a property right to use it upon a particular class of goods, and under Section 3, it must be a trade-mark which no other person has any right to use on merchandise of the same general description. Under such circumstances as to ownership, the attempt of the defendant subsequently to use it in domestic commerce would clearly be fraudulent and unlawful. Congress would have no object in protecting such a fraud, or paving the way for it, but every reason for preventing it, if possible. At the same time, it would have full *power* to prevent it, as we have shown, by merely providing that no person should reproduce, counterfeit, copy or colorably imitate the registered trade-mark on the same class of goods. *This is exactly what Congress did*, and did it without any limiting words whatever. There is, therefore, every reason for construing the statute broadly in this respect, and absolutely no good reason for construing it narrowly. It is a remedial statute, and must be so construed as to render the remedy comprehensive and effective. It must be pre-

sumed that Congress intended to make the remedy effective.

But it will be argued on behalf of the defendants that the broad definition of the offense of infringement found in the first part of Section 7 is modified and limited by language thereafter occurring in the statute. We respectfully submit that there is no support for that contention; but it necessitates our reviewing the whole act to demonstrate that the defendant's position is untenable. This we will now proceed to do. Section 7 of the Act of March 3, 1881, is as follows:

> "SEC. 7. That registration of a trade-mark shall be *prima facie* evidence of ownership. Any person who shall reproduce, counterfeit, copy or colorably imitate any trade-mark registered under this act and affix the same to merchandise of substantially the same descriptive properties as those described in the registration, shall be liable to an action on the case for damages for the wrongful use of said trade-mark, at the suit of the owner thereof; and the party aggrieved shall also have his remedy according to the course of equity to enjoin the wrongful use of such trade-mark used in foreign commerce or commerce with Indian tribes, as aforesaid, and to recover compensation therefor in any court having jurisdiction over the person guilty of such wrongful act; and courts of the United Sates shall have original and appellate jurisdiction in such cases without regard to the amount in controversy."

It will be observed that this section embraces four provisions. *First*, it defines the offense; *second*, it provides for the recovery of damages by an action at law; *third*, it authorizes an injunction and accounting in equity; and *fourth*, it defines the jurisdiction. These provisions are contained in three clauses, separated from each other by semi-colons—clause one, defining the offense and providing for relief at law; clause two, providing for relief in

equity; and clause three, providing for the jurisdiction. Each of these clauses is complete in sense, and refers to a subject-matter which is substantially integral and complete in itself. Whatever qualification or limitation, if any, may be found in one of said clauses is, therefore, not to jump the terminal semi-colon and run forward or backward into the adjacent clause, because the sense does not require it. The semi-colons were evidently inserted to keep the three clauses apart, so that each might be read as complete in itself; and it will be observed that each clause might have terminated with a period, without in any way affecting the sense.

Clause 1 defines the offense without limiting it to the unlawful use of the trade-mark in commerce with foreign nations or Indian tribes. Under the definition there given, the gist of the offense is the counterfeiting of the mark, and any use of the counterfeit upon goods of substantially the same descriptive properties as those described in the registration, is unlawful. Under the same clause, an action for damages at law may be maintained, without reference to the kind of commerce in which the defendant's goods are employed. The omission of any such limitation must have been intentional; for Congress could not have read the clause, even hastily, without observing its unlimited character, and without seeing the necessity for adding a limitation if they intended one. It does not contain the slightest suggestion of any limitation; and it is to be read as it stands, for there is nothing in it to construe.

This formal definition gives the dominant tone of the whole composition. Everything else must resolve in substantial harmony with it; otherwise, the entire piece will be only a series of unintelligible discords. Congress cannot be presumed to have formally stated the exact nature of

the offense, and then to have added other provisions inconsistent with such statement. Every doubtful expression in the statute must be construed to harmonize with this controlling definition; and, as will soon appear, this can be readily and easily done.

Clause 2, entirely separated from clause 1 by the semi-colon, provides for relief in equity. The offense to be relieved against is the same offense as is described in clause 1; and the obvious meaning is that the remedy by injunction shall be given in equity, under clause 2, wherever the remedy by damages would be given at law, under clause 1, or, in other words, wherever the registered mark shall have been wrongfully reproduced, counterfeited, copied, or colorably imitated, and affixed to merchandise of substantially the same descriptive properties as those described in the registration.

But in drawing clause 2, the author of the act departed from the simple and clear phraseology of clause 1, and said: "And the party aggrieved shall also have his remedy according to the course of equity to enjoin the wrongful use of such *trade-mark used in foreign commerce or commerce with the Indian tribes, as aforesaid.*" What do these words which we have italicised mean? Do they mean trade-mark used by the *defendant* in foreign commerce or commerce with the Indian tribes, as aforesaid, or trade-mark used by the *complainant* in foreign commerce or commerce with the Indian tribes, as aforesaid? That is to say, are they merely descriptive *of the complainant's registered mark*, already thrice mentioned in the act (Sections 1, 2 and 3), as used in commerce with foreign nations or with Indian tribes, or, on the other hand, are they descriptive *of the defendant's unlawful act (which, upon examination, will be found not previously mentioned in the statute as limited to goods in foreign commerce or com-*

merce with the Indian tribes)? The appelle will argue that they are descriptive of the defendant's unlawful act, and limit the offense to goods used by him in foreign commerce, etc. We contend on behalf of the appellant that they are merely descriptive of the complainant's registered trade-mark. On the question thus squarely presented, the following considerations impress us as of great force, if not absolutely conclusive:

1. The offense mentioned in clause 2 is evidently the same offense that in clause 1 is defined without any limitation to a use by defendant upon goods entering into foreign commerce, etc.

2. Clause 1 is *the defining clause,* plainly intended to define the offense, so that the courts might clearly understand in what it consists. Congress would, of course, be very careful in selecting language for this, the most important thing in the whole act, and would be certain not to omit an essential element of the definition. Clause 2 was not intended as a defining clause, but merely to add the remedy in equity to that already given at law; and it should be construed in this light.

3. It cannot be conceived that the author of the act meant, in clause 2, to vitally modify the formal definition of the offense as given in clause 1; for, if he perceived a fault in clause 1, he would certainly have then and there corrected it *by amendment,* and not by using different language in clause 2, inconsistent with the definition already given, and sure to result in doubt as to the proper construction of the statute on its most important point. He and the committees of the House and Senate who reported the act evidently understood the language of clause 2 as being entirely consistent with that of clause 1; for, otherwise, it is incredible that they should have allowed both expressions to stand in the same section.

4. It *is* entirely consistent with that of clause 1, if the expression "such trade-mark used in foreign commerce or commerce with Indian tribes, as aforesaid," was intended as simply descriptive of the complainant's registered trade-mark.

5. The language employed in clause 2 indicates very strongly that it was intended as descriptive of the complainant's mark, and not of the infringer's offense.

(*a*) On the theory that it was intended as descriptive of the infringer's offense, the words "used" and "as aforesaid" are absolutely redundant and useless, and no intelligent writer would ever have employed them. On that theory, what the writer meant was: "to enjoin the wrongful use of such trade-mark *in* foreign commerce or commerce with Indian tribes;" and he would certainly have said so, in simple plain terms, and then have gone back and amended clause 1 to render both clauses consistent.

(*b*) The coupling of "use" and "used" in the sentence in question, *to indicate the same act*, is so grotesquely unpolished, awkward and unnecessary as to be incredible of any writer who was not a mere ignoramus. But if he meant by them *two different things*, then their employment is clearly accounted for. By *"use"* he certainly meant the defendant's use; and the indication is that by "trade-mark *used* in foreign commerce or commerce with Indian tribes, as aforesaid," he was merely describing the complainant's registered mark. He was dealing with the infringement of the trade-mark. *Whose* trade-mark? The complainant's. *What* trade-mark? The complainant's trade-mark used in foreign commerce or commerce with Indian tribes—that is to say, complainant's *registered* trade-mark. He used the whole expression, "trade-mark used in foreign commerce or commerce with Indian tribes,

as aforesaid," to designate *the thing that was infringed*, and not the act of infringing it.

(*c*) This conclusion is rendered substantially certain by his employment of the words *"as aforesaid."* These words refer back to something antecedently mentioned, and were intended to direct the mind of the reader back to such prior mention. They indicate that the expression "used in foreign commerce or commerce with Indian tribes" had already been employed in some earlier portion of the statute, and that the author considered it advisable to refer the reader back to such prior use of it, in order to prevent any misunderstanding of its meaning when thus repeated in clause 2.

Now, referring back to the prior portions of the act, we find this expression used three times (Sections 1, 2 and 3) —*every time as descriptive of the complainant's trade-mark, and never with any relation to the defendant's unlawful doings.* When, therefore, the author employed the words, "as aforesaid," he did not mean that the defendants' "wrongful use of such trade-mark . . . in foreign commerce or commerce with Indian tribes" had before been mentioned (for it had not), but that the *complainant's* "trade-mark used in foreign commerce or commerce with Indian tribes" had before been mentioned (which was true).

It will be interesting to compare these four uses of the expression. They are as follows:

Sec. 1: ". . . Trade-marks used in commerce with foreign nations, or with the Indian tribes."

Sec. 2: ". . . used in commerce with foreign nations or Indian tribes, *as above indicated.*"

Sec. 3: ". . . used as such by the applicant in foreign commerce or commerce with Indian tribes, as above mentioned."

Section 7, clause 2: ". . . used in foreign commerce or commerce with Indian tribes, *as aforesaid.*"

It seems to us to be evident that the terms "as above indicated," "as above mentioned," and "as aforesaid," were all intended to refer back to the primary definition in Section 1. The phrase "used in commerce with foreign nations or with the Indian tribes" had by these frequent repetitions become associated in the author's mind with the complainant's trade-mark; and it was perfectly natural that when he came to clause 2 of section 7, he should again think of it and use it in the same sense. The operation of his mind when drafting clause 2 seems to have been as follows:

He writes the words "to enjoin the wrongful use of such trade-mark;" then the idea flashes into his mind that those words are not sufficiently definite, and he completes the expression in the form stated: "Trade-mark used in foreign commerce or commerce with Indian tribes," and clinches the whole thing with "as aforesaid," referring back to Section 1. Of course, when he says "wrongful use of such trade-mark" he means wrongful use of the *complainant's* trade-mark, for that is the trade-mark that is wrongfully used; and when he says "wrongful use of such trade-mark used in foreign commerce or commerce with Indian tribes, as aforesaid," he means the complainant's registered trade-mark, whose essential characteristic of use in commerce with foreign nations or Indian tribes had been "aforesaid" in the statute.

It is possible, nay, quite probable, that the author of the act copied the expression "trade-mark used in commerce with foreign nations or with the Indian tribes" *from the opinion of this court in the Trade-Mark cases, 100 U. S., where it is repeatedly used as descriptive of the registrant's trade-mark.* Thus, on p. 97, after stating that the

Trade-Mark Act of 1870 contained no recognition of the principle that Congress was constitutionally restricted to trade-marks entering into foreign and interstate commerce, this court said (near the top of the page):

> "We would naturally look for this in *the description of the class of persons who are entitled to register a trade-mark.*" . . . (Further down, and still relating to registrant): "If, for instance, the statute described persons engaged in a commerce between the different States, and related to the use of trade-marks in such commerce, it would be evident that Congress believed it was acting under the clause of the Constitution which authorizes it to regulate commerce among the States." . . . (Below the middle of the page): "Here is no requirement that *such person*" (meaning the registrant) "shall be engaged in the kind of commerce which Congress is authorized to regulate." . . . (Near the bottom of the page): "The remedies provided by the act (p. 98) when the right of the owner of the registered trade-mark is infringed are not confined to the case of a *trade-mark used in foreign or interstate commerce*" (by the registrant). . . . (Second paragraph of p. 98): "It has been suggested that if Congress has power to regulate *trade-marks used in commerce with foreign nations and among the several States.*" . . . (Middle of p. 98): "First, the indictments in these cases do not show that the trade-marks which were wrongfully used were trade-marks used" (by anybody) "in that kind of commerce."

These repeated references to the registrant's *"trade-mark used in"* foreign or interstate commerce, describing such trade-mark again and again with said qualifying words attached, would naturally impress themselves upon a lawyer's mind, and cause him, in drafting a new Act of Congress which should be free from the criticism made by the court upon the former act, to use the same descriptive words so plainly considered by this court to be the proper and preferred form of expression for the registrant's trade-

mark. In that connection, we call particular attention to the passage last above quoted, where this court, speaking of the defendant's infringement, described "the trade-marks which were wrongfully used" (namely, the *registrant's* trade-mark) "as trade-marks used in that kind of commerce."

Turning, now, to the clause 2 of Section 7 of the present act, we find that the author has almost literally copied the language of this court, describing the infringement as "the wrongful use of such *trade-mark used in* foreign commerce or commerce with the Indian tribes, as aforesaid"! Is it not perfectly clear that he had the opinion of this court under his eye, and simply copied its description of the registrant's trade-mark, and its reference to the infringement as the "wrongful use" of such trade-mark? This, at once and completely, accounts for his peculiar phraseology, "wrongful *use* of such *trade-mark used in* foreign commerce or commerce with the Indian tribes," and justifies his addition of the words *"as aforesaid"* referring back to Section 1.

(*d*) Under the appellees' theory, the word "used" found in clause 2 is not only inelegant, but is rhetorically incorrect. To complete the sense the word "when" should be coupled with it, so as to make the clause read "to enjoin the wrongful use of such trade-mark *when* used in foreign commerce or commerce with Indian tribes." But, even then, although the sense is made clear, the words "when used" are still entirely superfluous, and no competent writer would think of employing them, much less the word "used" alone. Under well-settled rules of law, a construction which renders a word superfluous and unmeaning is not to be accepted. It is inconceivable that a writer would introduce the word "used" in such a way as to add

nothing to the sense, and to render doubtful that which would be perfectly clear in its absence.

6. It may be argued that the words "as aforesaid" refer back to the "wrongful use," and mean "wrongful use . . . *as aforesaid.*" On this assumption, we must look back in the statute to find where "wrongful use" was previously mentioned. We find it in clause 1 of the same section, where it is carefully defined as reproducing, counterfeiting, copying or colorably imitating, the registrant's trade-mark, and applying it to the same class of merchandise—irrespective of the question whether it was thus "wrongfully used" in foreign or domestic commerce. Therefore, if the words "wrongful use as aforesaid," in clause 2, refer back to the "wrongful use" mentioned in clause 1, then the "wrongful use," of clause 2, consists in copying or imitating the registrant's *trade-mark used in foreign commerce or commerce with Indian tribes,* and has no relation to the intended destination of the infringer's goods. Otherwise, the two clauses would be obviously inconsistent with each other.

7. The language of clause 1 of section 7 is perfectly clear. That of clause 2, as we have seen, is doubtful, being, possibly, capable of two different interpretations, one of which is consistent, and the other inconsistent, with clause 1. In such cases, well-settled rules of legal construction require that interpretation to be adopted for the doubtful clause which is consistent with the clear antecedent clause.

8. But the appellees would not be content with a solitary violation of settled rules of construction—they would have the court go still further, and, after adopting an unjustifiable interpretation of the doubtful clause, force such interpretation backward into the clear language of clause 1 as an important and radical amendment thereto. Clear

language in one part of a statute may be used to explain doubtful language in another part; but it is simply absurd to argue that doubtful language in one part can be used to pervert clear language in another part. No rule of legal interpretation permits any such proceeding; and "common sense" condemns it. There is no indication in the statute that Congress intended any such amendment of clause 1; and when we consider that it is the *defining* clause, and therefore must have been most carefully scrutinized by the Congressional committee who reported the bill, our conclusion seems unavoidable.

9. But, since the court cannot go back and amend clause 1 by simply adopting the inconsistent interpretation of clause 2, then we have this result, viz.: By clause 1, an action *at law* may be brought for any use of the counterfeit mark upon goods in either foreign or domestic commerce; whereas, by clause 2, upon the appellees' assumption, a suit *in equity* can be brought only when the counterfeit is used in foreign commerce or commerce with Indian tribes. The offense—counterfeiting the registered mark and using the counterfeit in commerce on the same class of goods—is, of course, the same offense in both cases; and Congress evidently intended to give the rightful owner his choice of remedies in either case—whereas, the false interpretation assumed by the appellees gives him the powerful and complete remedy in equity in the one case, and forces him into a multiplicity of petty damage suits in the other case. It is safe to say that no such hotch-potch legislation was within the intention of the national legislature. The way out of the tangle is simple and clear, namely: Give the doubtful clause 2 that interpretation which is consistent with the non-doubtful clause 1, and which, therefore, the law requires to be given it. The

remedies at law and in equity then becomes coterminous, as they were evidently intended to be.

For these reasons, we submit that in clause 2 the expression "trade-mark used in foreign commerce or commerce with Indian tribes" must be construed as simply descriptive of the complainant's trade-mark. So construed, all doubt and difficulty vanish, and all parts of the statute become perfectly consistent with each other. *There is no difficulty in construing the expression, unless we attempt to make it apply to the defendant's use,* then comes doubt, conflict with other clauses of the statute, the necessity of construing some of the words as superfluous and unmeaning, the difficulty in accounting for the use of the expression "as aforesaid," the assumption that the author found his defining clause incorrect and did not take the trouble to amend it, the absurd limitation of equity jurisdiction, and the inevitable conclusion that the statute was drawn by somebody who did not know how to use the English language elegantly or even correctly.

The same expression is again used in Section 11 of the act, which provides that the federal courts shall not take cognizance of any actions between citizens of the same state "unless the trade-mark in controversy is used on goods intended to be transported to a foreign country, or in lawful intercourse with an Indian tribe." This condition is fulfilled in all respects if the *complainant* so use the trade-mark; and it seems merely to have been the intention of Congress that in such cases he should *prove* his *bona fide* use in foreign commerce. There was a special and peculiar necessity for such a requirement. The legality of the registration, and the consequent jurisdiction of the federal courts, depend upon use in foreign trade by the registrant; and, in the absence of such requirement, he might establish the federal jurisdiction by procuring the registration under

a false allegation of such use in foreign trade, or by colorably sending a few samples abroad prior to the registration. Congress intended that the registration, and suits to enforce the rights given by it, should be based upon a *bona fide* use in foreign commerce. In cases where federal jurisdiction depends upon diverse citizenship the matter is of no consequence; but in cases where both parties are citizens of the same state it therefore, in order to prevent fraud, became substantially necessary to require the complainant to prove that his trade-mark is actually used by him in foreign commerce. If Congress had intended to limit the provision of Section 11 solely to trade-marks so used by the *defendant*, it would assuredly have said so in plain terms; and it could not have passed unnoticed the fact that such limitation was inconsistent with the broad definition of the offense given in clause 1 of Section 7, nor have failed to remove the inconsistency by amending clause 1.

Now, if there were any *need* of forcing the narrow construction upon the statute—if a different construction would invalidate it, or transcend the powers given to Congress by the Constitution—the case would be different, and the courts might be obliged to restrict the words to the defendant's trade in order to save the statute. But no such necessity exists. As we have already shown, the powers of Congress are ample to prohibit any mark which is used in foreign commerce or commerce with Indian tribes from being used on the same class of goods in any other kind of commerce, or to impose on any such use any conditions deemed to be proper. Congress, therefore, had full authority to make clause of Section 7, and also the provision of Section 11, dependent entirely upon the complainant's use of the trade-mark.

It must be remembered that Congress was legislating in

the interests of the *owners* of trade-marks, who have the exclusive right to use them, and that any infringement of such mark, either in domestic or foreign commerce, is a fraud, and unlawful at common law. As we have already said, Congress could have no object in protecting such frauds, or paving the way for them, but every reason for preventing them as far as possible. In all cases where the owner's use in foreign commerce brings the mark under the protection of Congress, it *could* prevent them, by simply inhibiting their fraudulent simulation or use by others —and this is exactly what it did. There is every reason, therefore, for construing the statute broadly in this respect, and none for construing it narrowly.

There is still another ground on which we were entitled to a decree that the defendants' use of our trade-mark in domestic commerce was a violation of our rights.

The complainant owns the exclusive right to use this trade-mark upon watches, and any unauthorized use of it by others, whether in foreign or domestic commerce, is a violation of that right, against which the complainant is entitled to relief in any court of competent jurisdiction. The complainant's use of the mark in its foreign commerce, its registry of the mark according to Act of Congress, and the defendants' use of it in their Canadian commerce, unquestionably give the federal courts jurisdiction, and establish the complainant's right of recovery for the unlawful Canadian use. But it is a well-settled rule of equity practice, that, the jurisdiction of the court having attached and the right to recovery been established, the whole controversy between the parties will be drawn in and settled under one decree.

Brooks v. *Stoller,* 3 McLean, 523, 529.

Ober v. *Gallagher,* 93 U. S., 199, 206.

Russell v. *Clark's Ex'rs.,* 7 Cranch, 69, 89.

Gormley v. *Clark*, 134 U. S., 338, 349.
Leighton v. *Young*, 3 C. C. A., 176, 195.
Pearson v. *Darrington*, 21 Ala., 169.
Armstrong v. *Gilchrist*, 2 Johns. (N. Y.), Ch., 424, 431.
Rathbone v. *Warren*, 10 Johns. (N. Y.), 587.
Souder's Appeal, 57 Pa. St., 498.
Sanborn v. *Kittredge*, 20 Vt., 632.
McMurray v. *Van Gilder*, 56 Iowa, 605.
Handley v. *Fitzhugh*, 1 A. K. Marsh. (Ky.), 24.
Keeton v. *Spradling*, 13 Mo., 321.
Martin v. *Tidwell*, 36 Ga., 332.

Whether, therefore, the federal courts would or would not have jurisdiction of a suit for infringement in domestic commerce alone, they do undoubtedly have jurisdiction of the suit now pending, and should settle the whole controversy by their decree.

Concluding Remarks

(1) In the case at bar, the defendants' fraudulent intent is so clear and conclusive that they are entitled to no clemency from a court of equity. In *Singer* v. *June*, *City of Carlsbad* v. *Schultz*, *Seixo* v. *Provezende* (*supra*), and other cases, *there were special circumstances which justified the defendants in using the name complained of*, but they were required to use it in such a way as to protect the plaintiff's rights from injury. On the other hand, in *Garrett* v. *Garrett* (C. C. A., 6th Circuit, 78 Fed., 472), and in the Stone Ale case, the Glenfield Starch case, the Reddaway Belting case, the Anatolia Liquorice case, and many other cases, *where the defendants' fraudulent intent was unmistakable*, the courts absolutely enjoined the use of the offending word, which in some of those cases was a

personal name, in others a geographical name, and in others a descriptive expression. In the case at bar, we have proved by the example of the leading watch-case manufacturers in this country that it is not necessary for a party engaged in that business to mark upon his goods the name of his place of business. We have proved that the defendants falsely used the word "Elgin" upon their goods for more than three years before they moved their shops to Elgin, which not only proves their fraudulent intent, but shows unmistakably that, in this class of business, it is not necessary to mark the place of business upon the goods—even a false name of the place of business seeming to do no harm; we have shown by their own certificates of registration that they use the name not in its geographical sense, but as a conspicuous part of their *registered trade-mark;* we have shown that they tried to steal the substance of the plaintiff's corporate name, and were only prevented by the strong arm of the courts; and we have shown that they have even used the plaintiff's great reputation for the promotion of their bicycle schemes. Under such circumstances, we submit that we are entitled to an injunction absolutely prohibiting them from using the word "Elgin" in any connection with watches or watch-cases.

2. The circumstances of this case are so exceptional, and the defendants' fraudulent conduct so clear, as not only to appeal strongly to a court of equity for relief, but also to show that in granting such relief the court will not establish an unwise precedent to trouble bench and bar hereafter. In granting such relief, it will not be necessary to hold that geographical names may always, nor even generally, be registrable as trade-marks; but only to hold, with the great English judges, that when a geographical

name has by long use acquired a secondary signification denoting a particular manufacturer, it may be registered as his trade-mark, and, like all other trade-marks, will be protected against those who appropriate it for fraudulent purposes. More than this is not necessary; less than this is not equity.

3. Judge SHOWALTER (Tr., p. 31) was right, we submit, in decreeing that the defendants infringed by their manufacture in this country, and their sales, both here and abroad; but, this being true, he was wrong in limiting his injunction to sales abroad. In *Garrett* v. *Garrett, supra*, the Circuit Court of Appeals enlarged the scope of the injunction granted below; and we submit that the present case is also a proper one for an enlargement of the injunction. If this court should doubt the propriety of its enlarging the injunction on this appeal, it can, at all events, express its opinion as to our original right to a larger injunction below, and leave us to move for an enlargement when the case gets back to the Circuit Court, to which, we respectfully submit, it should be remanded for further proceedings in conformity to law and to the directions of this court.

Respectfully submitted,

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